Alberta Human Resources and Employment

# Ministry Annual Report

2000 | 2001

Government of Alberta
2001 IPAC
*Gold Award*
for Innovative
Management

Alberta
HUMAN RESOURCES
AND EMPLOYMENT

This report was prepared by Alberta Human Resources and Employment

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# Preface

## PUBLIC ACCOUNTS 2000 – 2001

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 Ministries, that existed prior to the reorganizaton of Government.

The annual report of the Government of Alberta released June 2001 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

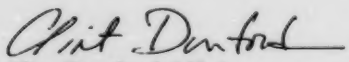
On March 15, 2001, the government announced new ministry structures. Since the 2000-2001 fiscal year was substantially completed prior to this announcement, ministry annual reports and financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000-2001 fiscal year against the original business plan.

**This annual report of the Ministry of Alberta Human Resources and Employment contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This Ministry annual report also includes:**

- The financial statements of entities making up the Ministry including the department of Alberta Human Resources and Employment.
- Other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as part of financial statements, to the extent that the Ministry has anything to report.
- Additional information relating to Alberta Labour Relations Board, Personnel Administration Office, and Workers' Compensation Board.

## Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2001 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 11, 2001 with material economic or fiscal implications of which I am aware, have been considered in the preparation of this report.



Clint Dunford, MLA
Minister

September 2001

## Message from the Minister

The most important accomplishments of Alberta Human Resources and Employment are reflected on the faces of people across the province. Following are glimpses into some of the people who left their mark on the department this year.

Sue Evison, P.Eng., took time from her work as a consulting engineer, her term as president of the Association of Professional Engineers, Geologists and Geophysicists of Alberta, and her family to make a difference in lives of Alberta's families. She stepped forward to chair the Minister's Committee on Employment Leave for Parents. The group consulted with Albertans on paper, on line, and in a symposium, and then made workable recommendations on extending maternity and parental leave. It is a testament to the quality of the Committee's work that all of their recommendations were adopted by the government. As a result, we have stronger provisions to support working parents.

There are the many faces of the NAIT journalism students I met at the news conference to launch the Workplace Health and Safety call centre. Young people on the cusp between education and a career, they represent the future strength of our labour force. They may not be as gracious with a politician again as they were that winter day, but I appreciated their interest, their frankness, and their unbounded curiosity.

There was a young man from Edmonton involved with Take Our Kids to Work Day. He joined me in several career events that day, participated in some meetings, and toured my Legislature Office. He also saw his sister as an office professional, and learned both about the workplace and the importance of her work.

There was also the mother who passed by my table in an Edmonton restaurant. She stopped, and said that I had changed her son's life. He had been angry at school and the world in general. Intrigued by the idea of life on the street, he was planning to drop out. At her insistence, he contacted the Youth Connections office. He is now in an apprenticeship program, studying to be a welder.

The 15 members of the Minister's Employability Council made a difference not just to the department, but to thousands of Albertans with disabilities. Their work has included policy recommendations for employment supports, and support for practical tools to help job seekers, employers, and service providers. Their passion for full citizenship, and their willingness to share their experiences, has made the Council's voice a strong one.

Retired Judge Sam Friedman, Q.C. agreed to chair a committee to review the appeals system of the Workers' Compensation Board. A voice of reason, he brought a commitment to creating fairness for employers and employees alike.

The department also provided support to Albertans in times of great sadness. The families of workers who lost their lives in workplace incidents put a human face to workplace health and safety statistics. Each family's pain reaffirms our shared responsibility to ensure the safety of those who remain. That responsibility is part of every safety seminar, every inspection report, every stop work order, and every prosecution that staff in Workplace Health and Safety conduct.

Deb Dore, the mother of a slain worker Tara Ann MacDonald, showed us all the power of one. Deb is a tireless advocate for the safety of Albertans working alone, and her focus on the issue became a flashpoint for regulatory change. The Minister's Committee to Promote Health and Safety – Working Alone Best Practices, chaired by Jon Burkinshaw, researched other jurisdictions' regulations, laws, and experiences. Their recommendations were practical, enforceable and reasonable. It was an honour to present their work to Cabinet, and to bring forward not only regulatory change, but also a practical guide for employers and employees who work alone.

Several of my colleagues in the Legislature also contributed to our success. Ron Stevens, MLA Calgary-Glenmore, was an active member of the Minister's Committee on Employment Leave for Parents. Victor Doerksen, MLA-Red Deer South, chaired the MLA – WCB Service Review Input Committee. He was supported by committee members Don Tannas (MLA Highwood), Yvonne Fritz (MLA Calgary Cross), Denis Ducharme (MLA Bonnyville-Cold Lake), and Julius Yankowsky (MLA Edmonton-Beverly/Clareview). Denis Herard, MLA Calgary-Egmont, was both a member of the MLA Committee and of the WCB Appeals System Review Committee chaired by Judge Friedman. Julius Yankowsky also chaired the Council on Workplace Safety as it oversaw the review of Alberta's occupational health and safety regulations. Richard Marz, the MLA for Olds-Didsbury-Three Hills, chaired the Minister's Employability Council. To these and other colleagues who supported the ministry's work, my thanks.

The 2000 staff of the ministry provided programs and services to Albertans, and many went beyond the call. In April, a water main rupture in Grande Prairie put a new office under two feet of water. While materials were drying out, staff provided service from another location, relying on old tables instead of desks, and notepads instead of computers. Mediators worked around the clock to help employers and employees in the health care sector reach a settlement, preventing labour disruption and uncertainty.

Alberta's Labour Relations Board continues to focus on helping parties resolve their disputes. This low-key approach maintains good relations between employers, unions and employees. The Board also processes applications in a timely manner, allowing all parties to resolve their disputes and move on. As Minister responsible for the Board, I am confident that the administration and interpretation of Alberta's labour laws are in good hands.

As Minister responsible for the Personnel Administration Office, I am extremely proud of the national recognition of our Corporate Human Resource Development Strategy. Led by the Deputy Minister's Committee and championed by Public Service Commissioner Jim Dixon, the Alberta Public Service was awarded the Gold Award for Innovative Management from the Institute of Public Administration of Canada (IPAC).

It was heartwarming to celebrate the work of so many Alberta public service staff at the Premier's Award of Excellence, and to see them receive formal accolades for a job well done. And I know that every day in this ministry, in more than 166 locations across the province, we are there to support Alberta people and workplaces.

To the many people who helped make this a successful year for Alberta Human Resources and Employment, my thanks. May the tradition of inspiration continue.

Clint Dunford
Minister

## Management's Responsibility for Reporting

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Alberta Human Resources and Employment. Under the Minister's direction, we oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister and the Acting Public Service Commissioner in addition to program responsibilities, we establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- Provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money
- Provide information to manage and report on performance
- Safeguard the assets and properties of the Province under Ministry administration
- Provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Alberta Human Resources and Employment any information needed to fulfil their responsibilities
- Facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*

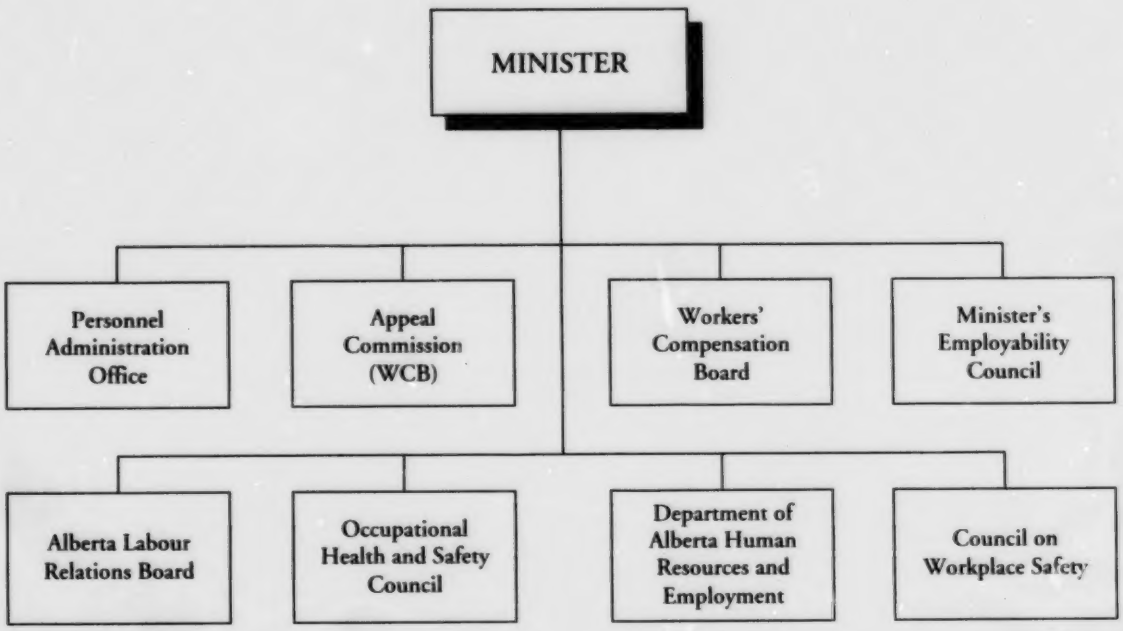
In fulfilling our responsibilities for the Ministry, we have relied, as necessary, on the executives of the individual entities within the Ministry.

Ron Hicks
Deputy Minister
Alberta Human Resources
and Employment

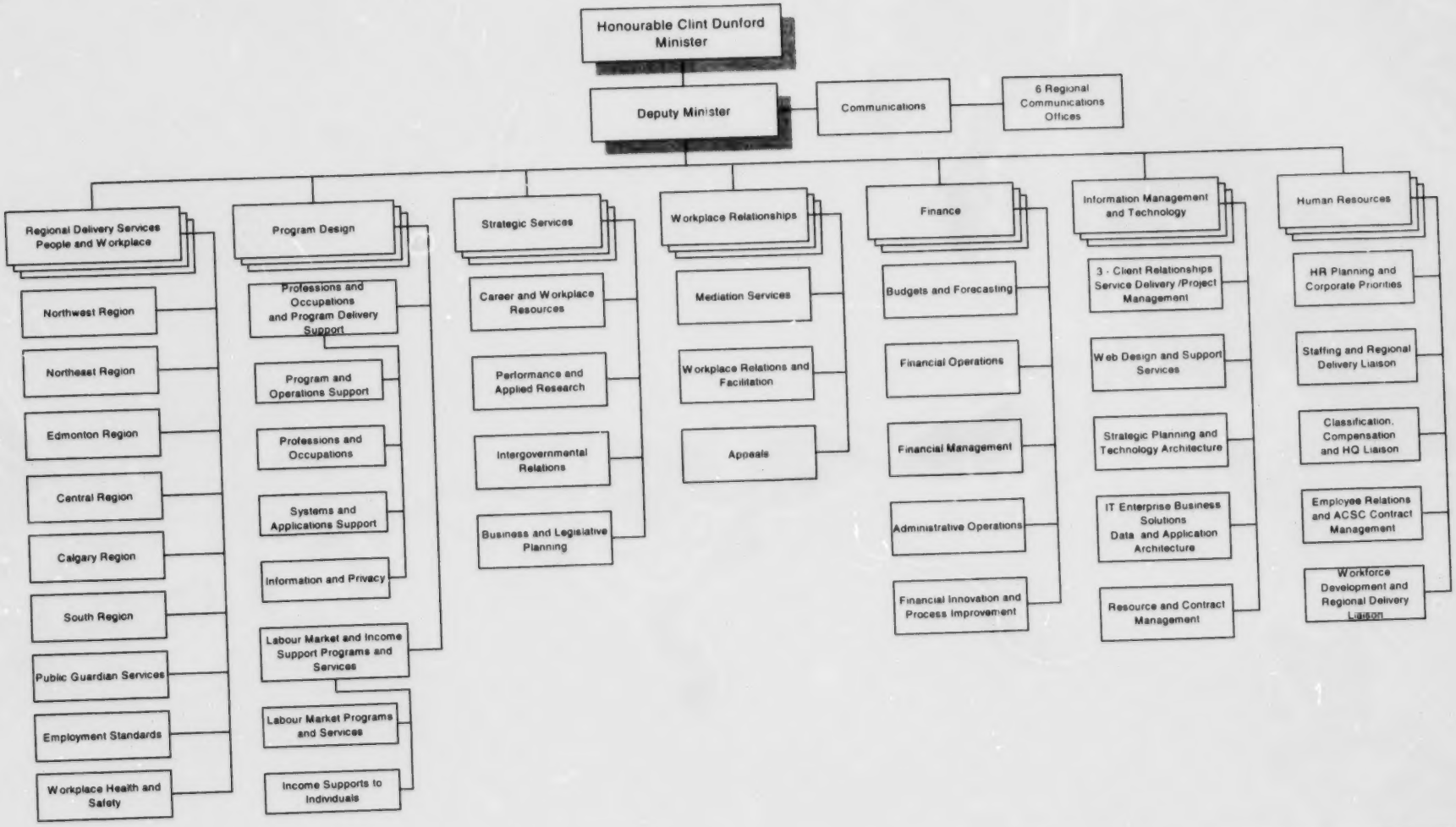
Shirley Howe
Acting Public Service Commissioner
Personnel Administration Office

# Ministry of Alberta Human Resources and Employment

March 31, 2001



# Department of Alberta Human Resources and Employment
## Functional Chart
March 31, 2001



# Overview

## Ministry of Alberta Human Resources and Employment Overview

The Ministry of Alberta Human Resources and Employment delivers programs and services to Albertans through:

- Department of Alberta Human Resources and Employment (AHRE)
- Personnel Administration Office (PAO)
- Alberta Labour Relations Board (ALRB)
- Workers' Compensation Board (WCB)
- Occupational Health and Safety Council
- Council on Workplace Safety
- Minister's Employability Council
- Appeals Commission (WCB)

The Personnel Administration Office and the Alberta Labour Relations Board annual reports are in this Ministry's annual report.

Financial information for the Workers' Compensation Board is included but annually reports separately to the Minister.

All other entities produce separate reports to the Minister.

### DEPARTMENT OF ALBERTA HUMAN RESOURCES AND EMPLOYMENT (AHRE)

Alberta Human Resources and Employment is composed of eight departmental divisions. The department's programs and services are delivered through a network of offices in six regions. Mobile or itinerant services are available in many communities without service sites.

Offices are listed online at http://www.gov.ab.ca/hre/contactus.htm

The department's delivery network includes ties with training providers across the province, including post-secondary institutions, private schools, high schools and contracts with private trainers. The department also works with a variety of stakeholders such as industry, labour groups, professional associations, Indian Bands, Métis Settlements, community groups, federal and municipal governments and other provincial departments.

Six Regional Services Centres (RSC's) were incorporated into the Alberta Corporate Service Centre in 2000/01.

Alberta Human Resources and Employment's divisions are:

### Regional Delivery Services, People and Workplace Division

Through a network of regional and local offices, the Regional Delivery Services, People and Workplace division provides:

Providing information, advice, and assistance to Albertans.

- Career counselling and labour market information to assist Albertans in making informed employment and training decisions
- Training programs to eligible Albertans
- Income support to Albertans who do not have sufficient resources to provide for basic necessities
- Benefits to persons who qualify because of a disability that impairs their ability to work
- Short term emergency support to homeless adults
- Family maintenance programs
- Personal directives consultation and assistance
- Guardianship programs for adults incapable of making personal care decisions for themselves
- Worksite health and safety management programs, investigations and inspections
- Employment standards information and education, investigation and resolution of complaints

### Program Design Division

The Program Design Division is responsible for:

Setting consistent standards, guidelines and policy frameworks.

- Creating discussion papers, policy options, minister's reports, and policy manuals
- Designing programs and services
- Developing standards and guidelines to ensure provincial consistency in programs and services
- Working jointly with other ministries to develop government strategy on issues which cross ministries (e.g. policies on housing, homelessness, children's initiatives, seniors' benefits and labour mobility)
- Administering the Freedom of Information and Protection of Privacy legislation for Alberta Human Resources and Employment
- Working in partnerships with professional associations, stakeholders and governments to develop and implement standards to regulate professions in the public interest (e.g. information and privacy, labour mobility)

- Providing provincial programs – e.g. Skills Development Program (SDP), Summer Temporary Employment Program (STEP), Local Labour Market Partnerships (LLMP), Alberta Child Health Benefit (ACHB), and the Widows' Pension
- Lead or provide input in negotiating agreements and Memoranda of Understanding – e.g. National Child Benefit (NCB), Labour Market Development Agreement (LMDA), Employment Assistance for Persons with Disabilities (EAPD), medical service agreements, information and data matching
- Developing the Aboriginal Strategy for AHRE
- Leading the Business Transformation Initiative, a major project to integrate business processes and systems and enhance the delivery of AHRE information and services as well as establish and maintain linkages with other relevant initiatives.

**Strategic Services Division**

The Strategic Services Division provides strategic information tools and processes to help the department achieve its goals and enhance its effectiveness by:

- Promoting the use of process management principles, tools and techniques by coaching, mentoring and facilitating internal workgroups to identify and improve processes and results
- Conducting environmental scanning to identify emerging trends and issues
- Developing legal and legislative options and strategies
- Managing the processes to develop the department's strategic, business and operational plans and the Ministry annual report
- Co-ordinating the department's participation in the Premier's Award of Excellence
- Developing performance measures and reporting on results and effective practices
- Promoting sound use of information for decision making by providing statistical information and reports
- Conducting evaluation research and monitoring departmental programs for quality improvement
- Providing labour market analysis for Alberta
- Developing data and tools for management information
- Developing, publishing, promoting and distributing labour market and workplace information products in print, electronic and audiovisual formats
- Administering Alberta Learning Information Service (ALIS) website

Gathering, assessing and distributing essential information to enhance departmental effectiveness.

- Providing the Career Information Hotline for consultation and referrals
- Operating the Job Order Bank Service (JOBS) which provides job seekers with access to employers who are looking for workers
- Providing library services to support informational, educational and research activities
- Providing strategic advice, policy development and issues analysis as Alberta interacts and promotes its position with other governments, countries and organizations on income support, disability, labour market, workplace issues, and long term directions – e.g. Ministers Responsible for Social Services (SS), Forum of Labour Market Ministers (FLMM), Canadian Association of Administrators of Labour Legislation (CAALL) Ministers' and Deputy Ministers' Forums, Aboriginal Policy Framework, International Labour Organization (ILO) and North American Agreement on Labour Co-operation (NAALC)
- Negotiating multi-lateral and bilateral agreements with other government jurisdictions

**Workplace Relationships Division**

Resolving disputes through appeals, mediation and facilitation.

The Workplace Relationships Division continues to strive for efficient, effective, professional and innovative services that assist Albertans in resolving workplace and income support issues and disputes by:

- Promoting positive labour relations and workplace innovation by helping Alberta workplaces to solve problems and promote co-operation between management and labour groups
- Providing expert third party neutral facilitation, mediation and arbitration services to resolve disputes in Alberta's unionized workplaces
- Providing Albertans with a fair and effective appeals process
- Training, supporting and advising appeal tribunals on SFI, AISH, dependent adults, child welfare, Widows' Pension, Seniors' Benefits and Aids to Daily Living
- Participating and contributing to cross-government and intergovernmental initiatives
- Conducting internal reviews resulting from investigations by external bodies such as the Office of the Ombudsman
- Providing policy advice to the Minister and the Department
- Designing and delivering customized workshops, courses and seminars

### Finance Division

In accordance with Government of Alberta legislation, regulations and policies for finance and administration, the Finance Division provides advice and consolidates Ministry requirements. The division ensures and embraces the values of quality and timely services in a customer-oriented manner, while working in partnership with the Alberta Corporate Service Centre, departmental divisions, the Alberta Labour Relations Board and the Personnel Administration Office by:

- Providing advice about budget allocations, funding requests and generating solutions to budget pressures
- Maintaining the appropriate financial systems and controls
- Representing AHRE interests on cross-government services – e.g. Senior Financial Officer Council, Disaster Services, and central agencies such as Ministry of Finance, Infrastructure, and Office of the Auditor General
- Developing frameworks for various financial and administrative activities
- Providing reconciled financial data for reporting and analysis purposes
- Providing guidance and support to program management and staff regarding financial and administrative issues
- Managing agreements with ACSC for delivery of financial and administrative services

Ensuring accurate financial processes and information.

### Information Management and Technology Division

The Information Management and Technology Division provides strategic leadership in information and technology management, and ensures the technology investment supports the achievement of the goals in the Ministry Business Plan:

- Ensuring that staff have the information and tools available to them to effectively and efficiently carry out their work
- Continuously improving organizational communications: network, e-mail, intranet, internet, extranet
- Managing the data and technology environment for the Ministry
- Developing strategic, operational and tactical Information Management (IM) and Information Technology (IT) plans and related policies
- Working collaboratively with ACSC, Innovation and Science, Office of the Chief Information Officer (OCIO) and other departments and jurisdictions

Providing the right technological tools to do the job.

### Human Resources Division

Ensuring the right people and skills to do the job.

Human Resources (HR) leads in the use of innovative HR management, policies, strategies and programs by:

- Providing strategic advice and planning to enable the department to make informed decisions
- Developing HR policies, programs and strategies for the department (e.g. Leadership Development program, Recruitment and Retention Strategy, Leadership Continuity Plan, Learning plans, Learning accounts)
- Managing the contract for the delivery of human resource management services by the Alberta Corporate Service Centre to the AHRE department
- Representing the department in collective bargaining and providing support in the administration of the employee assistance programs available for public service employees
- Providing interpretation of personnel policies in the area of benefits, salary administration, classification, compensation, labour relations, occupational health and safety, performance management, staffing and workforce adjustment

### Communications Division

Telling Albertans about what we do.

Communications continues to strive for increased public awareness of AHRE programs and services. Staff in six regional offices and a central division provide:

- Strategic issues management and ongoing communications advice and counsel to the Minister, executive and staff of the AHRE department and the PAO
- Strategic communications planning that supports achievement of the goals and strategies of the department
- Media relations services
- Design and implementation of proactive communication programs to profile the Minister and the department
- Support for the department's internal communication programs and activities

Regional Communications staff provide shared services to Alberta Human Resources and Employment, Alberta Children's Services, and Persons with Developmental Disabilities Boards. Headquarters Communications staff includes employees of the Public Affairs Bureau, who have additional responsibilities for supporting Bureau initiatives and goals.

## PERSONNEL ADMINISTRATION OFFICE (PAO)

The Personnel Administration Office is the central human resources arm of government operating under the leadership of the Public Service Commissioner. PAO works with departments to develop government wide human resource policy frameworks and strategies in all areas of human resource (HR) management and delivers corporate strategic HR services to support departments in achieving their business plan goals. As part of its role, PAO provides leadership to the Corporate Human Resource Development Strategy, one of the cross ministry initiatives for 2000/2001. PAO compiles a separate performance report, which is included in this AHRE Ministry Annual Report.

## ALBERTA LABOUR RELATIONS BOARD (ALRB)

The Alberta Labour Relations Board is a quasi-judicial body responsible for the application and interpretation of the *Labour Relations Code*, the *Public Service Employee Relations Act* and the *Police Officers Collective Bargaining Act*. Both the Minister and Deputy Minister maintain an arms-length relationship with the Board. The Alberta Labour Relations Board prepares a separate performance reporting, which is included in this AHRE Ministry Annual Report.

## WORKERS' COMPENSATION BOARD (WCB)

The Workers' Compensation Board is an employer-funded organization providing employers and workers with efficient and affordable disability and liability insurance. The WCB is an independent, board-governed organization operating under the *Workers' Compensation Act*. It reports to the Minister of Alberta Human Resources and Employment and compiles a separate annual report. WCB Financial Statements are included in this AHRE Ministry Annual Report.

## OCCUPATIONAL HEALTH AND SAFETY COUNCIL

The Council is composed of public, employer, and worker representatives. It hears appeals of orders given by Occupational Health and Safety Officers and advises the Minister on matters pertaining to the health and safety of Alberta workplaces.

## COUNCIL ON WORKPLACE SAFETY

The Council on Workplace Safety was established to oversee the current regulatory review processes, examine issues and make recommendations to ensure Alberta's regulatory framework is effective in reducing workplace injuries and illnesses.

## MINISTER'S EMPLOYABILITY COUNCIL

This council provides advice to the Minister of Alberta Human Resources and Employment on enhancing employment opportunities for persons with disabilities. The membership of the council includes persons with disabilities, employers and association representatives. The council released its first report on January 26, 2001.

## APPEALS COMMISSION (WCB)

The Commission operates at arm's length from the Workers' Compensation Board and government. It provides an independent appeals process for workers and employers.

## COUNCIL ON PROFESSIONS AND OCCUPATIONS

The Council on Professions and Occupations advises and assists the Minister with the policies governing, and administering the legislation relating to professions and occupations in Alberta. Subsequent to a recommendation in 1999 to discontinue the council, it was dissolved in March 2001.

## Alberta Human Resources and Employment

# highlights

## 2000 | 2001

Alberta Human Resources and Employment is becoming known as the people and workplace department. Over one billion dollars is invested in this department to provide a continuum of services that help Albertans move forward. Staff across the province help people who cannot work, support people who want to move into the workforce, and continue to help ensure that workplaces are fair, safe and healthy.

Following an extensive consultation, a new maternity/parental leave regulation was introduced. Under the regulation, Alberta employees are entitled to up to one-year unpaid, job-protected leave to care for a newborn baby or adopted child.

Effective May 2000, Employment Standards implemented a partnership arrangement with the Alberta Restaurant and Food Services Association (ARFA). An Employment Standards Officer from the department has been seconded to ARFA to work with the Association's members to educate about them about workplace responsibilities. As an outcome to this partnership, there was a reduction of more than 50% in the number of Employment Standards claims registered against ARFA members in a nine-month period ending February 2001.

Employment Standards Officers were on site at the Calgary Stampede and Klondike Days fairs providing information and complaint resolution assistance to both employers and employees.

Employers now have new responsibilities under the General Safety Regulation to protect the safety of their employees who work alone. A handbook, Working Alone Safely – A Guide for Employers and Employees provides information, safety strategies and checklists to help employers and employees meet the new regulation.

Nearly 6,000 Workplace Health and Safety inspections were completed, an increase of 3,229 over the previous year. Six additional Occupational Health and Safety Officers were hired. Eleven prosecutions were initiated against employers in 2000/2001.

The new Workplace Health and Safety (WHS) call centre (1-866-415-8690) and website (www.whs.gov.ab.ca) allows Alberta workers and employers to ask for information about safety standards, report accidents or lodge complaints.

Labour Market Information Centres (LMIC) continued to experience steady demand for assistance with career and employment decisions. An estimated 33,000 people accessed information and career counselling supports through these centres each month.

At the International Public Guardian/Public Trustee Conference in Singapore, Alberta Human Resources and Employment was recognized for our community-based, user friendly service. It was suggested that other countries might do well to adopt our model of service.

The department continued to assist Alberta's unionized workers build effective, collaborative relationships by offering facilitation and mediation services to help resolve workplace disputes. In the past year, the department offered facilitation and mediation services to a variety of clients, including:

- Grande Yellowhead Public Regional School Division #28 and the Alberta Teachers' Association
- Construction Labour Relations and the Alberta Building Trades Council
- The Provincial Health Authorities of Alberta and the United Nurses of Alberta

For the first time in the health care sector, department staff were instrumental in establishing a new successful Communications Protocol between the Provincial Health Authorities of Alberta and the United Nurses of Alberta. In keeping with the spirit of this new protocol, both parties agreed to respect the confidentiality of the negotiations. As a result, both parties did not discuss their respective positions with the media.

In addition, the Minister appointed two Disputes Inquiry Boards which were successful in avoiding potential work stoppages in the public sector. These involved:

- City of Calgary (Emergency Medical Services) and the Canadian Union of Public Employees, Local 3421
- Buffalo Trail Regional School Division #28 and the Alberta Teachers' Association

Provincially appointed mediators played a key role in helping clients in the health care, education and other sectors reach mediated settlements. In the past year, the department provided mediation services to help resolve 110 disputes in the public and private sectors. Over 98 per cent of the collective agreements in the private and public sectors were settled through negotiated or mediated settlements.

Within the last year, nine new Youth Connections sites were opened. As part the Alberta Youth Employment Strategy, Youth Connections partners with local businesses to offer mentoring, work experience, job shadowing and other employment opportunities to youth. Launched in 1997, the Youth Connections program continues to help youth in 32 locations across Alberta.

*Alberta Careers Beyond 2000 Update* is a book that summarizes the trends that drive Alberta's economy and society. It covers the outlook for Alberta's major industries from 2000-2010, and includes charts of projected demand for specific occupational clusters.

An independent advisory committee, the Minister's Employability Council, recommended 14 ways for the Alberta government to help Albertans with disabilities succeed in the workforce. Three *Employment Series for Persons with Disabilities* booklets were also released, providing practical workplace information for employers, job seekers with disabilities, and service providers. The guides were developed by Alberta Human Resources and Employment in partnership with Human Resources Development Canada, the Alberta Alcohol and Drug Abuse Commission, and the Premier's Council on the Status of Persons with Disabilities.

Increases in utility prices were hard on low-income Albertans. Some of them faced disconnection after falling behind with their payments. To ensure the continued health and safety of those Albertans who received disconnection notices, Alberta Human Resources and Employment implemented a one-time, temporary assistance policy that covered the costs of utility arrears and reconnection fees incurred by April 30, 2001, to a total of $1,000 for:

1. Supports for Independence (SFI) clients, on a case by case basis, and,
2. Low-income earners and Assured Income for the Severely Handicapped (AISH) clients who applied to SFI and met the program's criteria.

Alberta Human Resources and Employment employees continued to demonstrate leadership in the public service by finding innovative ways to improve service to Albertans. Four teams were recognized with a Premier's Award of Excellence:

**Bronze Medal – Grande Cache Workforce Project (2001)**

This project was a major initiative geared towards providing career, training, and employment supports to individuals directly and indirectly affected by the complete closure of the Smoky River Coal Mine in March 2000. The project's success was largely the result of numerous partnerships with local and regional stakeholder organizations and agencies, post-secondary institutions, and the overwhelming support of the community leaders and community members in Grande Cache. The initiatives developed by staff working for, on behalf of, and in partnership with the Grande Prairie-Grande Cache Area AHRE Office in the Northwest Region provided all community members with opportunities to access income support and career development services. Through this unique collaboration between Alberta Human Resources and Employment and the community, more than 360 of the 450 people originally laid off from the coal mine found new work across Canada.

**Bronze Medal – Edmonton Region Returning Students Initiative (2001)**

**Bronze Medal – Edmonton Region Returning Students Initiative (2001)**
The Edmonton Region of Alberta Human Resources and Employment created the Edmonton Region Returning Students Initiative 2000 as a collaborative initiative to provide adult students with employment services and support in seeking work. During June and July, Employment and Client Support Services (ECSS) staff were located on-site at Hire-A-Student, hosting over 700 visits from potential Supports for Independence (SFI) clients. As a result, many students found work, many received less or no SFI funding, and many began to clearly associate finishing a school term with heading toward employment. The success of the initiative was due in a large part to its focus on developing new partnerships, new philosophies, and a whole new way to provide services to their student clients.

**Silver Medal – Alberta Job Corps, Edmonton (2000)**
The Minister of Alberta Human Resources and Employment has called it a "flagship for the department." Alberta Job Corps (AJC) – Edmonton is the first urban initiative of its kind in Canada. The goal of AJC is to help long-term welfare recipients make the transition to employment in the private sector by spending 26 weeks in three phases of training and work experience. Since its inception in 1995, AJC has met the work-preparation needs of its clients, provided community partners with trained candidates to fill job vacancies, and helped people leave social assistance and become economically independent. Alberta Job Corps helped people achieve and maintain economic independence.

**Bronze Medal – AISH Asset Testing, Edmonton Region (2000)**
The *Assured Income for the Severely Handicapped (AISH) Amendment Act* was passed in May 1999, and made a number of changes to the program. The changes included more flexible supports for clients who wanted to work, an increase in overall benefits, and the introduction of an asset test to ensure that benefits were provided to Albertans who need them most. The changes left the AISH Team at the Edmonton West District Office with a complex and enormous task of developing a process to conduct an "Asset Test" for all AISH applicants and recipients in the region. In five months, a team of 50 people from the West Edmonton District Office effectively worked with more 10,000 clients to ensure that clients got the information they needed about the changes, understood those changes, and were able to accommodate the new requirements with a minimal amount of personal distress. The department also got appropriate financial information, and ensured that eligible clients received the benefits to which they were entitled.

Over the course of the 2000/2001 year, the department directed taxpayer dollars to provide for the basic needs of Albertans, to help people become independent and successful, and to keep our workplaces safe, fair and stable. Each initiative was money well spent on Alberta people and workplaces.

Alberta HUMAN RESOURCES AND EMPLOYMENT | the people & workplace department

# Personnel Administration Office

# highlights

## 2000 | 2001

2000/2001 was an exciting and challenging year for the Personnel Administration Office (PAO).

Government of Alberta
**2001 IPAC**
***Gold Award***
for Innovative Management

The Alberta public service received national recognition from the Institute of Public Administration of Canada (IPAC) for the Corporate Human Resource Development Strategy. The Strategy was awarded Gold for innovative management and has been a cross ministry initiative for three years. PAO provided leadership and co-ordination for the development of the strategy and worked with departments on implementing initiatives. The strategy is part of the overall Corporate Human Resource Plan which is updated annually in conjunction with departments and approved by Deputy Ministers. It addresses priority areas for human resource management in the Alberta public service.

PAO continued to work with departments to establish and operationalize their leadership development and continuity plans. This reflected an increased emphasis on building leadership capacity.

Results achieved under the Corporate Human Resource Development Strategy continue to be strong:

- An all-time high of 85% of employees reported that they were satisfied with their employment in the Alberta public service.
- Managers report that 92% of their employees have the skills to meet current needs and 81% are prepared for future needs.
- Departments provided over 560 work experience, co-op and internship placements, as part of the strategy to effectively promote the Alberta public service as an attractive employer and provide opportunities for young people making the transition from school to work.

The performance management framework was updated and the evaluation guide was piloted with a number of departments. The evaluation guide can be used to assess the effectiveness of department performance management systems.

PAO continued to emphasize the use of technology to enhance and transform business processes:

- Conducted the annual salary survey through a web-based application. Positive feedback was received from the public sector participants who indicated this was the first on-line salary survey they participated in.
- Created the Employee Information Centre (www.gov.ab.ca/pao/infocentre) to provide all employees with online access to a wide range of information on government, government ministries and their employment in the Alberta public service.

Initiated the on-line recruitment project which will provide the capacity for applicants to apply on-line for public service jobs.

As certifying partner for government, under the Partners in Health and Safety program, PAO continued to work with a number of departments as they pursued their certificates of recognition.

As a result of negotiations on the wage opener in 1999, the term of the collective agreement was extended to September 2001.

The voluntary retirement program was offered to management and opted out & excluded employees who were on Long Term Disability (LTD) and eligible to retire with a full pension. This resulted in net savings to the LTD plan of approximately $1 million.

# The People & Workplace Department

## Department of Alberta Human Resources and Employment

# vision, mission and core businesses

## 2000 | 2001

### VISION

Alberta's people, communities and workplaces are safe, healthy, responsible and productive.

### MISSION STATEMENT

Human Resources and Employment contributes to the Alberta Advantage by working with partners to:

- Assist Albertans to reach their full potential in society and the economy
- Foster safe, fair, productive, innovative workplaces
- Support those in need

### VALUES

We are committed to:

- High standards and ethics
- Quality, client-focused services
- Valuing our staff
- Achieving excellence in everything we do
- Being proactive and accountable for actions and results
- Providing appropriate leadership

Our services are:

- Focused on serving people
- Accessible, responsive, relevant, affordable and effective
- Respectful of all individuals and cultures, communities and partners

## CORE BUSINESSES

The department works to achieve its vision and mission through its core businesses and goals:

### Supporting Albertans in achieving and maintaining economic independence

- Albertans reach their full potential in the workforce
- A skilled, competitive workforce

### Supporting Alberta's workers and employers in creating productive workplaces

- Safe and healthy workplaces
- Fair and balanced labour relations
- Effective employment standards and practices

### Supporting Albertans in need

- Albertans in need of financial support are assisted
- Alberta's adults who are unable to make personal care decisions independently receive appropriate supports and safeguards
- Alberta Human Resources and Employment will actively participate in and add value to key cross-government initiatives

AUDITOR GENERAL Alberta

# Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Key Performance Measures

To the Members of the Legislative Assembly

I have performed the following procedures in connection with the Department of Alberta Human Resources and Employment's key performance measures included in the *2000-2001 Annual Report of the Ministry of Alberta Human Resources and Employment* as presented on pages 30 to 53.

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.

2. The calculations that converted source information into reported measures were tested.

3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit and therefore I express no opinion on the Department's key performance measures included in the *2000-2001 Annual Report of the Ministry of Alberta Human Resources and Employment*.

Peter Valentine

Peter Valentine, FCA
Auditor General

Edmonton, Alberta
August 4, 2001

# Department of Alberta Human Resources and Employment

# results analysis

## goals, strategies, measures and results

## core business

### Supporting Albertans in achieving and maintaining economic independence

Maintaining Alberta's advantage in the global economy through the continued development of a skilled, competitive workforce remains a key strategy for Alberta Human Resources and Employment. The department is working to ensure Albertans are economically independent and able to achieve their career ambitions by providing career planning, training opportunities, short-term financial assistance and employment services.

**Goal A:** **Albertans reach their full potential in the workforce.**

**STRATEGIES**

- Improve case management practices for clients to provide financial assistance to pursue training.
- Lead changes to remove inter-provincial barriers to enhance mobility of workers as committed to in the *Labour Mobility Chapter* of the *Agreement on Internal Trade*.
- Implement the Alberta Youth Employment Strategy to assist young people to make a successful transition to employment.
- Work with Alberta Health and Wellness, the Alberta Alcohol and Drug Abuse Commission, Alberta Learning and the Premier's Council on the Status of Persons with Disabilities on providing employment supports for Albertans with disabilities, incorporating the requirements outlined in the *Canada/Alberta Employability Assistance for Persons with Disabilities (EAPD) Cost Sharing Agreement*.

- Undertake a review to improve the array of programs and services that help people find and maintain employment, including disadvantaged groups.
- Work with Aboriginal stakeholders to identify strategies and targets to improve their participation rates in the workforce in response to the Alberta government's Aboriginal Policy Framework.
- Rationalize program delivery and ensure effective and affordable client service through a network of co-located offices with other partners.
- Work with communities and industries to realign and develop programs to sustain long term employment.

**RESULTS**

Employment and training programs and services help unemployed Albertans as well as other eligible Albertans acquire the skills they need to prepare for and obtain employment. During this past year, almost 42,000 learners participated in Job Placement, Self Employment, Skills for Work, Training on the Job, Skills Training, Basic Foundation Skill Training interventions and Temporary Employment Programs. Follow-up surveys show that 75% of program participants found employment after participating in the programs. The province's efforts to return Employment Insurance (EI) clients to work resulted in savings of about $117 million to the Employment Insurance account. In addition, the department provided approximately 5,000 individuals with work experience through the Summer Temporary Employment Program (STEP).

Alberta Human Resources and Employment provides learners with financial assistance to pursue training. Individuals who are enrolled in an approved program, and have financial need, may be eligible for financial assistance. EI-eligible clients may receive Alberta Student Loans and/or grants for skills training or upgrading programs, while non-EI clients receive grant funding for upgrading programs. This year, 19,876 learners received at total of $144.7 million in training supports.

By working with key partners and stakeholders, the department continues to ensure that Albertans can work and share in the province's prosperity. For example:

- Consultations have been completed in several communities including Grande Cache, Hinton, Edson and Slave Lake
- Calgary Region facilitated a semi-annual employer panel to collect information on skill shortages and employer needs
- Work is underway with the Southwest Regional Economic Development Group to develop a Local Labour Market Partnership Program contract

**Description of Programs:**

**Job Placement** services are designed to match unemployed, job-ready Albertans with employers needing to fill jobs.

**Self Employment** provides formal instruction in business plan development, one-to-one business counseling, coaching, and guidance during business plan implementation.

**Skills for Work** provides clients with a combination of life management skills, occupational training, academic upgrading and work experience needed for jobs in demand.

**Training on the Job** helps Albertans gain on-the-job experience and training in jobs that are in demand.

**Skills Development Program** provides clients with access to basic foundation skills programs, apprenticeship programs, skills training or integrated training from approved public or private training providers.

**Summer Temporary Employment Program** (STEP) provides seasonal work experience in not-for-profit and government organizations.

**Temporary Employment Programs** provide programs for Supports for Independence (SFI) clients expected to work. These include:

- **Alberta Community Employment**: A 6 month paid work experience program for SFI clients.
- **Employment Skills Program**: A 6 month paid work experience within provincial government departments.

**Alberta Job Corps** (AJC): Skills training and work experience program through community work projects under the supervision of AJC staff.

www.gov.ab.ca/hre/learningandwork

Members of the Minister's Employability Council:

Richard Marz, MLA Olds-Didsbury-Three Hills, Chair
Oliver Cardinal
Brad Ellingson
Jennifer Fisk
Jason Foster
Rick Goodfellow
Keith Gylander
Ann Hickmann
Glen Lavold
Beverley Matthiessen
Shirley McBride
Lawrence Noel
Michael O'Connor
Lindy Rollingson
Patricia Turnbull
Nizar Walji

Youth Connections helps young people connect with opportunities to learn and work.

Special employment and training responses were designed to assist those who face barriers to employment. The Minister's Employability Council, an advisory group comprised of Albertans with disabilities, employers, and service providers, released its first report in January 2001. The report focused on employment supports and provided a number of recommendations. The department is currently examining opportunities to implement the recommendations.

Work was started on a departmental Aboriginal Policy Framework to provide a co-ordinated approach in the design and delivery of programs and policies that address the needs of Aboriginal people. Pilot projects have been developed to promote the full participation of Aboriginal Albertans in the economy. For example, in partnership with the Athabasca Tribal Council and industry partners, the department is increasing opportunities for individuals to complete high school, continue on to post-secondary programs and obtain meaningful employment.

Youth Connections, part of the Alberta government's Youth Employment Strategy, targets young people who are unemployed, under-employed, or working but looking for more promising career options. This service was expanded to 32 locations across Alberta and this year over 54,000 site visits were made, double the number in the previous year.

The department continues to ensure workers have access to employment opportunities in other jurisdictions across Canada. Seventy-five percent of Alberta's regulated occupations have mutual recognition agreements with regulators in other jurisdictions through the *Labour Mobility Chapter* of the *Agreement on Internal Trade*.

**PERFORMANCE MEASURES**

Employment and training programs and Job Placement services provide clients with supports necessary to quickly re-enter the workforce. These programs are usually one year or less in duration.

Fewer individuals participated in employment and training programs and Job Placement in 2000/01 (41,768 compared to 42,166 in 1999/00). The decline in individuals requiring programming to re-enter the workforce is due in part to Alberta's favourable economy and low unemployment rate. Decreased enrollment in programs for the most job-ready clients, e.g., Job Placement and Short-Term Skills Training (non-apprentices), is consistent with the premise that clients with current work experience can successfully maintain or quickly regain employment in good economic conditions without further intervention.

## A.1 Key Performance Measure
**Percentage of participants employed post-intervention**

| | 1998/99 Percent Employed | 1999/00 Percent Employed | 2000/01[1] Percent Employed |
|---|---|---|---|
| Job Placement | 69% | 71% | 76% |
| Self Employment | 62% | 87% | 84% |
| Skills for Work | 66% | 61% | 60% |
| Training on the Job | n/a* | 65% | 62% |
| Skills Development | | | |
| – Short Term Skills (non-apprentices) | 80% | 75% | 85% |
| – Apprentices** | 94% | n/a | 94% |
| – Basic Foundation Skills Training | 61% | 62% | 64% |
| Temporary Employment Programs*** | n/a | n/a*** | 77% |
| All Programs and Job Placement (Actual)[2] | 71% | 72% | 75% |
| Overall Employment Target | 70% | 70% | 70% |

**Notes:** [1]

*The employment results for the Training on the Job program were not available for 1998/99, as this was a transitional year for the program.

**The results are based on a survey conducted every two years. The survey was conducted in 1998/99 and 2000/01.

***Temporary Employment program results not available in 1998/99 and there were not enough data in 1999/00 to derive a reliable conclusion.

**Sources**:

Alberta Learning, Alberta Human Resources and Employment, and Human Resources Development Canada.

### ANALYSIS

The overall employment result of participants who left employment and training programs and job placement increased by three percentage points over last year's results. The economy continues to be strong with the unemployment rate at 4.8% in March 2001 compared to 5.0% in the previous year. The youth unemployment rate is 8.1% compared to 11.6% a year ago. A strong economy is a key determinant of whether individuals obtain work once they are trained. Results may also vary between years and programs, depending on the types of

[1] Percentages calculated on data from those leaving programs between April 2000 and October 2000.

[2] This is a weighted average (based on the number of participants in each of these initiatives) of the employment results of all programs and Job Placement.

[1] **Further Notes:** Alberta Learning – Student Finance System Reports.

Alberta Learning – Graduates of Apprenticeship Satisfaction Survey, 2001. Results are based on 2,947 telephone interviews with graduates.

Alberta Human Resources and Employment – Work Outcome Reporting Project (WORP). This is a census survey of all Short Term Skill (non-Apprentices) and Basic Foundation Skills Training program leavers who are followed up by an independent contractor at either three months (LMDA clients) or six months after leaving the program. This is an on-going project. Data presented include follow-up data as of March 31, 2001 (total of 3,996 respondents). Alberta Human Resources and Employment – Career Assistance Information System (CAIS). Training Program and Employment Service Results. Clients in Job Placement, Self Employment, Skills for Work and Training on the Job Programs. Employment results for these programs are reported by contracted agencies.

Human Resources Development Canada – HRDC-AECD March 2001 Results Dataset Analysis.

clients entering the programs. For example, Employment Insurance (EI) clients have more recent work histories that help their return to the labour market. Individuals unable to find work in today's favourable economic conditions may face multiple barriers which require intensive investments.

Client satisfaction with employment/training programs and selected services is a measure of the quality of services provided to individuals.

### A.2 Key Performance Measure

**Percentage of clients satisfied with career and labour market information, programs and services**

Our clients are satisfied with our programs and services.

| | 1998/99 | 1999/00 | 2000/01 |
|---|---|---|---|
| Employment/Training Programs and Job Placement | 91% * | 92% * | 92% * |
| Career Information Hotline | n/a | 95% | n/a |
| Career development workshops | 90% ** | 88% | 88% |
| Customer satisfaction with information materials and tools | n/a | 96% | n/a |
| Labour Market Information Centres | n/a | 99% | 97% |
| Overall client satisfaction target | | 85% | 85% |

**Notes:**[4]

*Weighted average based on volume counts used for Measure A.1.

**Because of methodological changes, this measure of client satisfaction with career development workshops is not fully comparable to subsequent years.

**Source:** Alberta Human Resources and Employment.

[4] **Further Notes:** Alberta Human Resources and Employment – Client Satisfaction with Career and Labour Market Information and Services (March 2000). A total of 310 career practitioners completed this biennial survey either through self-completed questionnaires or telephone interview. An independent contractor contacted these respondents about their satisfaction with information and services received during the past year.

Alberta Human Resources and Employment – Summary Report: 2000 CEAS Client Satisfaction Survey. An independent contractor conducted this telephone survey from January to March 2000. The 1,422 former clients involved in this survey were asked about various services. The accuracy of the data is estimated to be ±2.5% (19 times out of 20).

Alberta Human Resources and Employment – A Customer Services and Satisfaction Survey of Career Information Hotline clients who had accessed the service between November 1999 and March 2000. During December 1999 to March 2000, 385 of these Hotline users were contacted by an independent contractor one month after they had accessed the service to participate in this biennial telephone survey. The accuracy of the data is estimated to be ±5% within a 95% confidence interval.

Alberta Human Resources and Employment – Career Assistance Information System (CAIS), satisfaction with Training on the Job, Self Employment, Skills for Work and Job Placement was determined by clients' responses as to whether they believe the training helped them find a job. Satisfaction rates with these programs are reported by contracted agencies (total of 4,450 respondents).

Alberta Human Resources and Employment – Work Outcome Reporting Project (WORP). This is a census survey of all Short Term Skills (non-Apprentices) and Basic Foundation Skills Training program leavers who are followed up by an independent contractor at either three months (LMDA clients) or six months after leaving the program. This is an on-going project. Data presented include follow-up data on the question regarding overall satisfaction with the program (total of 3,759 respondents).

### ANALYSIS

Client satisfaction with career and employment programs, career development services and information is high. The most recent information in each area indicates that the target of 85 percent was exceeded. The satisfaction results achieved each year are related to the types of clients accessing the programs and services and their ability to obtain work.

Improvements in the method(s) used to assess satisfaction yielded results that are not fully comparable to previous years.

## Goal B: A skilled, competitive Alberta workforce.

### STRATEGIES

- Implement the *People and Prosperity* initiative in partnership with other ministries. In partnership with Alberta Learning, expand the Alberta Learning Information Service (ALIS), a website providing information and services for all Albertans seeking learning, career or employment opportunities.
- Work with individuals to support effective career planning and decision making.
- Partner with business, industry and communities to: share information about the knowledge and skills that will be required in the workplace, develop training strategies, and address other human resource issues in particular industries or locations.
- Strengthen the department's strategic alliance with federal programs and other ministries to deliver an effective range of employment and training programs.

### RESULTS

Career and employment assistance services help people prepare for, find and maintain work. Services include labour market information, career assistance (e.g., career advising, group workshops), career consulting, assessment of work readiness, training needs, referral services and case management (i.e., assisting clients to move through the transitions to employment).

To ensure Albertans have access to the most current information, the Alberta Learning Information Service (ALIS) website was enhanced in partnership with Alberta Learning. It now includes production and posting of the Edmonton, Calgary and Fort McMurray Labour Market Trends Reports and up-to-date information on contracted services. ALIS recorded over 940,000 user sessions in 2000/01, an increase of almost 140% over last year.

As Albertans become more knowledgeable about career and labour market opportunities, they are better able to assess their skills and interests, build a career plan, and connect to further learning and employment.

Use of the ALIS (Alberta Learning Information Services) website has increased almost 140% over last year.

www.alis.gov.ab.ca

ALIS
Alberta Learning Information Service

The Grande Cache Workforce Project opened its doors in April 2000 to provide timely and relevant career, training and employment services to individuals affected by coal mine closures. Almost 80% of the people affected by the mine closures have found new jobs.

The department enhanced Albertans' abilities to make better choices through:

- Distributing over 665,000 career and workplace products
- Processing and displaying more than 54,000 job orders through the Canada-Alberta Job Order Bank Service (JOBS). Job opportunities are posted in JOBS kiosks throughout Alberta, on the Internet, and recorded employment tele-messages. This service is national in scope and is available in both official languages.
- Providing information for over 30,000 Career Information Hotline Requests
- Delivering career development group workshops to over 37,000 participants
- Providing information to over 830,000 visitors to Labour Market Information Centres
- Developing a monthly Labour Market Information Review for the Edson/Hinton/Grande Cache area and an Edmonton Labour Market Trends Report

Career and workplace products include: publications, posters, videos, audio tapes and other career planning materials.

AHRE continues to collaborate with business and industry to obtain and provide information about present and future skills needed in Alberta, and to design programs and services to meet these needs. Partnerships with school jurisdictions were developed to increase availability of information for students, parents and teachers. Presentations on projected skills shortages were delivered and strategic planning processes facilitated for various business and community groups including nursing associations, the cultural sector, the Métis Labour Market Development Unit, the Agriculture and Food Council and the Council of Presidents from post-secondary institutions across Alberta.

To ensure Albertans are provided with an effective range of employment and training programs, strategic alliances were strengthened with federal programs and other ministries.

- Alberta is currently the lead province for Labour Market Information subgroup and co-chairs the Federal, Provincial, Territorial working group of the Forum of Labour Market Ministers
- In partnership with Human Resources Development Canada, the department co-sponsored the "What Works" conference on service approaches for persons with disabilities and produced three books with tips for connecting with the workplace

Three books were published as part of the *Employment Series for Persons with Disabilities: Tips for Employers, Tips for Job Seekers,* and *Tips for Service Providers.* These books provide practical tips and ideas about the issues that persons with disabilities encounter when connecting with the workplace.

AHRE is responsible for legislation for 10 professions that are self-regulated through individual Acts, and an additional 11 professional associations regulated under the Professional and Occupational Associations Registration Act (POARA). The department works with the professional associations and other government departments to ensure the public interest is protected.

During 2000-01, the required number of public members who should sit on committees of these professions was maintained. The department worked with the Alberta Veterinary Medical Association (AVMA) to improve the disciplinary and appeal processes within the Veterinary Profession Act. AHRE worked with the AVMA and Alberta Agriculture, Food and Rural Development to bring in new regulations for the harvesting of elk velvet antler.

Three requests from professional associations wishing regulation under POARA were investigated, and enhancements made to various pieces of professional legislation to keep their requirements consistent with current practice.

With the three Alberta associations representing self-regulated accounting groups, the department developed regulations to support the Regulated Accounting Profession Act and is scheduled for proclamation in the fall of 2001. In cooperation with the forestry profession, amendments to the Regulated Forestry Profession Act were developed, along with regulations to that Act.

**B.1 Key Performance Measure**

**Percentage of participants whose training helped to prepare them for current or future employment**[1]

Employment and training programs build a stronger workforce.

| 1998/99 | 1999/00 | 2000/01 | Target |
|---|---|---|---|
| 79.08% | 86.7% | 83.6%* | 85% |

**Note:**

*Percentage calculated on data from those leaving programs between April 2000 and October 2000.

**Source:** Alberta Human Resources and Employment.

## ANALYSIS

Employment and training programs are designed to provide Albertans with transferable skills and training and enhance their competitiveness in the labour market. The percentage of participants whose training helped them to prepare for employment remains high in 2000/01 and approaches the target of 85%.

**B.2 Key Performance Measure**

**Percentage of participants in training who obtained an improved education or skill level**[1]

| 1998/99 | 1999/00 | 2000/01 | Target |
|---|---|---|---|
| 84.5% | 86.2% | 85.9%* | 80% |

**Note:**

*Percentage calculated on data from those leaving programs between April 2000 and October 2000.

**Source:** Alberta Human Resources and Employment.

## ANALYSIS

Employment and training programs are intended to improve the skill level of clients. The percentage of participants in employment/training programs who reported obtaining an improved education or skill level remains high and exceeds the target of 80%.

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[1] All participants were contacted through a telephone survey. For Job Placement (JP), Self Employment (SE), Skills for Work (SW) and Training on the Job (TOJ), contracted service providers are required to follow up on all participants completing the program (census). All participants are surveyed at 3 and/or 6 months.

For the Skills Training and Temporary Employment Programs (TEP), an independent consultant is retained to contact program participants post-intervention. All participants leaving these types of programs are contacted (census).

Historical data have been revised to include all clients using the programs in each fiscal year.

# core business

## Supporting Alberta's workers and employers in creating productive workplaces

The department helps employers nurture a workplace climate that focuses on innovation, productivity and excellence. This is accomplished by promoting the development of effective worksite health and safety management systems and compliance programs, supporting fair and effective resolution of labour disputes and workplace issues, and promoting fair and effective employment standards protection for employers and employees.

### Goal C: Safe and healthy workplaces.

**STRATEGIES**

- Promote the development of effective worksite health and safety systems through the "*Partnership in Health and Safety*" Program.
- Conduct a comprehensive review of regulations under the *Occupational Health and Safety Act*.
- Target poor health and safety performers and uncontrolled hazards.

**RESULTS**

Alberta's productivity remained high in 2000/2001 due in part to the department's continuing efforts to ensure a workplace climate that promotes fairness in the workplace, protects the health and safety of our workers, and fosters stable labour relations.

The *Partnerships in Health and Safety* Program provides a framework to promote and certify health and safety programs in Alberta. Seventy partners from safety associations, industry groups, educational institutions and labour organizations are responsible for assessing the quality of health and safety programs and issuing Certificates of Recognition (COR). A COR is given to employers who develop health and safety programs that meet established standards. Over 3,500 companies participated in the program, and 1,121 new CORs were issued this year.

Compliance efforts continued to target companies with poor health and safety performance. In the past year, the department proactively addressed health and safety issues in Alberta:

- The number of Workplace Health and Safety inspections increased 117%
- The number of Workplace Health and Safety orders increased over 60%

**Partnerships in Health and Safety Program**

The Partnerships Program promotes the establishment of health and safety programs at worksites. Employers whose programs pass an external audit receive a Certificate of Recognition (COR) from one of our Certifying Partners. If they also reduce their workers' compensation claims cost they can apply to the Workers' Compensation Board for a reduction in their premiums.

- Six new officers were added to the province's team of health and safety inspectors, bringing the total number of officers to 64. This represents an increase of 20% since 1993 and parallels the increase in the Alberta workforce. In addition, a nurse, researcher and four call centre staff were added.

A comprehensive review process of regulations under the *Occupational Health and Safety Act* was completed. Several regulatory review task forces prepared proposals for regulations governing chemical hazards, mines safety use of explosives, general safety, and noise hazards. Regulatory task forces, made up of over 100 volunteers from industry, labour organizations and government, worked together to build consensus on regulatory recommendations to protect worker safety.

In October 2000, a new regulation was proclaimed to protect workers who are working alone. This regulation was supported by a minister's committee that was appointed in April 2000 to promote best practices for Working Alone. Businesses and community leaders representing labour, large and small employers and the convenience/fast food industry worked with departmental staff on this committee. The committee compiled and shared information on how to conduct assessments and implement controls for workplaces where employees work alone. A handbook was developed to guide employers and employees in their compliance with the regulation.

A new Workplace Health and Safety Call Centre and website was established to provide information on workplace hazards and to promote reporting of unsafe working conditions. During the first three months of 2001, the Call Centre responded to 6,341 requests for information and 671 complaints regarding unsafe working conditions or incidents.

The Minister's Committee to Promote Health and Safety – Working Alone Best Practices:

John Burkinshaw, Chair
Jason Foster
Dan Kelly
Linda Gagnon
Gerry Collinge
Dan Clarke
Yan Lau

A new regulation protects workers who are working alone.

www.gov.ab.ca/hre/workingalone

WHS Call Centre
1-866-415-8690

www.whs.gov.ab.ca

## PERFORMANCE MEASURES

The lost-time claim rate provides an estimate of the probability, or risk, of disabling injury or disease to a worker during a period of one year's work. A lost-time claim occurs when a worker receives wage loss compensation for one or more days after the date of injury.

In 2000, the lost-time claim rate at the provincial level rose from 3.2 to 3.4 per 100 person-years[6]. During periods of strong economic growth, companies expand and recruit less experienced workers. These workers are at a higher risk of suffering injury on the job.

The establishment of effective systems in occupational health and safety promotes reductions in the lost-time claim rate. A Certificate of Recognition (COR) is given to employers who develop health and safety programs that meet established standards.

[6] The Lost-Time Claim Rate is calculated as the ratio of WCB compensated lost-time claims to person-years worked. Claims are included in a calendar year if they were made within that year and compensated for by March 31 of the following year. Person-years are an estimate of those worked by employees with WCB coverage.

**C.1 Key Performance Measure**
**Provincially, year-to-year improvements in lost-time claim rate for Certificate of Recognition (COR) holders; compared to year-to-year improvement for non-COR holders**[1]

| | 1998 | 1999 | 2000 | Target |
|---|---|---|---|---|
| COR Holders | -7.6% | -5.1% | +8.6% | % reduction of LTC Rate for COR holders will be greater than for non-COR holders |
| Non-COR Holders | -2.7% | -0.09% | +6.3% | |
| Difference in % change (COR to Non-COR Holders) | -4.9% | -4.2% | +2.3% | |

**Sources:** Alberta Human Resources and Employment and Workers' Compensation Board – Alberta (WCB).

## ANALYSIS

The lost-time claim rate rose for employers with a Certificate of Recognition as well as for those without a certificate. Therefore, the target was not met.

All industry sectors saw increases in the lost-time claim rate for their sector. COR holders were not immune from this increase since these employers tend to be from high hazard industries that have expanded rapidly over the last year (construction, forestry, trucking, and metal fabrication). The province's strong economic growth over the past year has seen a large number of new workers enter these sectors. Workers with less than six months experience suffer an injury rate three-fold that of more experienced workers.

**C.2 Key Performance Measure**
**Lost-time claim rates for targeted employers, compared to their baseline rates**[2]

| 1998 | 1999 | 2000 | Target |
|---|---|---|---|
| -9.8% | -16.8% | -4.2% | Decrease each year |

**Sources:** Alberta Human Resources and Employment and Workers' Compensation Board – Alberta (WCB).

[1] The Workers' Compensation Board records Lost Time Claims (LTC) when a worker, his physician, or his employer submits an injury report form. Analysis was based on 2,460 large and small employers who hold a valid COR.

[2] Analysis was based on 215 employers selected for the Targeted Employers Program. The program includes employers in Alberta who have the worst overall performance in occupational health and safety.

**ANALYSIS**

Each year the department identifies or targets employers with a high risk of unsafe working conditions. Workplace Health & Safety staff work with these 'targeted' employers to raise awareness and compliance with requirements. Although the lost-time claim rates for targeted employers continues to decrease, the reduction is less than previous years.

## Goal D: Fair and balanced labour relations.

**STRATEGIES**

- Build partnerships with, and among, stakeholders to foster collaborative industry and workplace relationships.
- Promote alternative dispute resolution approaches through consultation, relationship building, and interest-based processes to enable labour and management to resolve issues without the need for third party intervention.
- Promote human resource management innovations and best practices that increase the productivity and competitiveness of workplaces.

**RESULTS**

Provincially-appointed mediators play a key role in assisting clients reach collective agreements through mediated settlements. In the 2000/01 fiscal year, 110 mediation appointments were made.

The department responded to 461 requests to assist parties in the resolution of grievances under their collective agreements and made 373 arbitration appointments.

The department continues to work with industry stakeholders to promote increased productivity and competitiveness of Alberta organizations. Relationship building initiatives and refresher courses were completed with:

- The Town of Hinton and the Communications, Energy and Paperworkers' Union
- The County of Strathcona and the Alberta Union of Provincial Employees
- The Town of Taber and its unions (Canadian Union of Public Employees and the Police Association)
- Construction Labour Relations and the Building Trades Council representing construction unions in Joffre and Fort McMurray

Strategic labour relations advice and information to stakeholders and clients are provided through response to inquiries, briefings, and website services. Labour relations in Alberta are reported through weekly collective bargaining up-dates and bi-weekly mediation activity reports.

A health care labour relations strategy which addressed provincial bargaining for nurses and other health care employees was developed and implemented in collaboration with Alberta Health and Wellness and external stakeholders.

## PERFORMANCE MEASURES

Indicators of labour stability in Alberta include the percentage of collective agreements that parties reach on their own, as well as the percentage of mediation appointments that avoid work stoppages. Alberta provides employees and employers with a legislative framework to resolve collective bargaining disputes and also offers assistance in developing effective solutions to workplace issues. Results achieved provide evidence that available mechanisms and resources are working effectively.

### D.1 Key Performance Measure

**Percentage of collective bargaining negotiations which avert a work stoppage (strike or lockout)**[*]

When work stoppages are avoided, workplaces and the economy can be more productive.

| 1998/99 | 1999/00 | 2000/01 | Target |
|---|---|---|---|
| 99.2%* | 98.0%* | 98.3%** | 99% |

**Note:**

*Methodological changes in analytic procedures were introduced in 2000/01. Historical data have been revised using new methods to be comparable.

**Data captured in the newly developed Integrated Bargaining Information System (IBIS) as of May 24, 2001.

**Source**: Alberta Human Resources and Employment – Integrated Bargaining Information System (IBIS).

## ANALYSIS

The percentage of expired collective agreements that were settled without work stoppage continues to remain close to the target of 99 percent. Factors which influenced this measure in the 2000/01 year include a low unemployment rate, a shortage of skilled workers in some sectors, and high expectations of workers and demands of unions as a result of current growth in the Alberta economy.

[*] The measure is calculated using the number of Collective Bargaining Agreements (CBAs) covered under the *Alberta Labour Relations Code* and the *Police Officers' Collective Bargaining Act* filed with Alberta Human Resources and Employment that have settled without legal work stoppage. The measure is a ratio of the number of settled CBAs, less legal strikes and lockouts, to the number of settled CBAs.

**D.2 Key Performance Measure**
**Percentage of mediation appointments which avoid work stoppages**[10]

| 1998/99 | 1999/00 | 2000/01 | Target |
|---|---|---|---|
| 93%* | 90%* | 97%** | 90% |

**Note:**

*Methodological changes in analytic procedures were introduced in 2000/01. Historical data have been revised using new methods to be comparable.

**Data captured in the newly developed Integrated Bargaining Information System (IBIS) as of May 24, 2001.

**Source:** Alberta Human Resources and Employment – Integrated Bargaining Information System (IBIS).

### ANALYSIS

The department provides mediation services to assist employees and employers in the resolution of collective bargaining disputes. Mediation is a legislated mandatory step in the collective bargaining process when the parties reach an impasse. The percentage of collective bargaining disputes that came into mediation and avoided work stoppage in 2000/01 rose by 7 percentage points from last year.

## Goal E: Effective employment standards and practices.

### STRATEGIES

- Complete a review concerning the effectiveness of Employment Standards legislation and regulations.
- Target industries with poor Employment Standards compliance performance and implement strategies to improve compliance.
- Increase the use of counseling and mediation to resolve complaints.
- Improve caseload management practice to facilitate timely resolution of registered employment standards claims.

### RESULTS

The department continued to promote Alberta's *Employment Standards Code* and Regulation by offering workshops and seminars to employers and employees to inform them about their rights and obligations. This year, four industry sectors were targeted for pro-active educational initiatives. These included the restaurant and food service industry, direct sellers, automotive dealers, and the hotel/motel industry.

Employment Standards seminars for employers and employees help ensure that everyone knows the rules.

[10] Requests for mediation are made by parties in labour negotiations in order to resolve disputes. A successful mediation is one that avoids a work stoppage. The Ministry collects data through formal documentation of the process and outcome of the mediation. The percentage of mediation appointments which avoid work stoppage is the number of settled mediation appointments not involving work stoppage expressed as a percent of total settled appointments.

Employment Standards Information:

by telephone at (780) 427-3731 or online at www.gov.ab.ca/hre/employmentstandards

On May 15, 2000, a partnership was established with the Alberta Restaurant and Food Service Association to improve compliance in the restaurant and hospitality industry. Seven pro-active educational workshops were delivered to this sector. The department continued to target chronic violators of the *Employment Standards Code* with 2 prosecutions initiated in 2000/01.

Where complaints required investigation, prompt and timely information, counseling and impartial dispute resolution assistance were provided. Seventy-five percent of all registered complaints were completed within 120 days; 85% within 180 days; and 97% within 365 days. More than 182,000 clients received assistance interpreting and applying employment standards legislation through the Employment Standards Information Line.

Amendments to the *Employment Standards Regulation* came into effect on July 1, 2000. These amendments were the culmination of an extensive review and consultative process. A Ministerial Review Committee made recommendations based on consultation with employees, employers and industry groups through a survey, discussion groups and direct consultation with a number of representative associations.

Alberta's minimum wage of $5.90 is the fourth highest after tax in the country.

The first component of the review, completed in 1998, resulted in a three-staged increase to the minimum wage. This review subsequently addressed employment of persons under 18 years of age, and certain exemptions from the *Employment Standards Code's* minimum standards for managers, professionals, and domestic employees. Other substantive changes to the Regulation affected ambulance services, oilwell servicing, fish farming and domestic employees. Feedback received indicates general satisfaction with the amendments to the Regulation.

The Maternity and Parental Leave Regulation provides birth mothers with up to 15 weeks of maternity leave. Additionally, mothers, fathers and adoptive parents can also take up to 37 weeks of parental leave.

On February 7, 2001, the *Maternity and Parental Leave Regulation* came into force. The regulation changes were the result of a public consultation process conducted by the Minister's Committee on Employment Leave for Parents that was announced on December 18, 2000. The consultative process yielded survey responses from over 5,000 Albertans as well as many written submissions. A symposium, held in January 2001 was attended by a broad cross-section of stakeholders. All of the committee's recommendations were incorporated in the legislation.

Minister's Committee on Employment Leave for Parents:

Sue Evison, Chair
Audrey Cormack
Corinne Pohlman
Ron Stevens, MLA Calgary Glenmore
Co Vanderlaan
Shannon Wyatt

**PERFORMANCE MEASURES**

Alberta Human Resources and Employment develops and implements employment standards, educates employees and employers, and monitors compliance. The number of Employment Standards complaints provides an indication of the success of proactive educational initiatives and compliance programs.

### E.1 Key Performance Measure

**Employment Standards complaints registered for investigation as a percentage of Alberta's eligible workforce**[11]

| 1998 | 1999 | 2000 | Target |
|---|---|---|---|
| 0.58% | 0.53% | 0.33% | lower than 0.60%[12] |

**Sources**: Alberta Human Resources and Employment – Employment Standards Information System (ESIS); Statistics Canada – Labour Force Survey, Household Division and Public Institutes Division (PID).

#### ANALYSIS

The effectiveness of the department's educational initiatives and compliance programs is reflected in the number of registered complaints, which is the lowest recorded since 1993. This is a significant result, since the decreased unemployment and significant increases in economic activity, experienced this fiscal year, typically result in an increase in registered complaints.

### E.2 Key Performance Measure

**Reduction in the number of registered complaints in targeted businesses**[13]

| 1999/00 | 2000/01 | Target |
|---|---|---|
| 80% | 89%* | 80% |

**Note:** *The methodology for counting complaints has changed. Therefore, 2000/01 results are not comparable to previous years.

**Source**: Alberta Human Resources and Employment – Employment Standards.

#### ANALYSIS

At the beginning of every fiscal year, the department targets businesses with a history of non-compliance with the *Code* for educational and/or compliance action. The number of complaints registered against these businesses serves as a baseline for comparison to year-end results. A reduction in complaints is calculated for these businesses. The target was exceeded this year, indicating the effectiveness of education and compliance initiatives.

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[11] The reporting of this measure has been revised from "Provincial ranking of complaints registered for investigation as a percentage of Alberta's eligible workplace" because inter-provincial data are unavailable. The measure is calculated as the number of Employment Standards complaints registered for investigation in a calendar year, as a percentage of the eligible workforce. Registered complaints are maintained in the Employment Standards Information System (ESIS) at Alberta Human Resources and Employment. The eligible workforce is defined as the total number of agricultural and non-agricultural paid workers in Alberta, less employees under federal jurisdiction who have their own employee grievance procedures. Eligible workforce data are derived from the Statistics Canada Labour Force Survey, Household Division and Public Institutes Division (PID).

[12] The target has changed from "ranked among the three best in Canada" to "lower than 0.60%" to reflect the change in reporting.

[13] Registered complaints are valid complaints where an officer determines that there is a contravention of the Code and not a result of business insolvency.

**E.3 Key Performance Measure**
**Provincial ranking in satisfying post-judgement collection of unpaid employee earnings**

This measure was included in the 2000-03 business plan as an indication of the success of departmental efforts to recover outstanding judgements for unpaid employee earnings. In 2000/01, 42% of the total dollar value of judgements filed in Alberta were recovered by employees.

While Alberta documents post-judgement collections, comparable data from other provinces are not available. Therefore, a provincial ranking cannot be reported.

# core business

## Supporting Albertans in Need

The department continues to provide support to families, individuals, and those who are the most vulnerable. Albertans requiring assistance can receive help in the form of services, income, or income supplements to meet their basic needs.

**Goal 1: Albertans in need of financial support are assisted.**

### STRATEGIES

- Support the development and implementation of the National Child Benefit by creating or enhancing supports for low-income families.
- Implement changes to the AISH program.
- Review the Widows' Pension Program.
- Develop a long-term strategy to address the homelessness issues in conjunction with other provincial Ministries, municipal governments, local authorities, community groups and businesses.

### RESULTS

Although the department encourages Albertans to participate in the workforce, it also provides support to those who are unable to fully support themselves through Assured Income for the Severely Handicapped (AISH), Alberta Widows' Pension and Supports for Independence (SFI), the Alberta Child Health Benefit (ACHB) and the Family Maintenance Program.

Assured Income for the Severely Handicapped (AISH) provides benefits to persons with severe and permanent disabilities that affect their ability to earn a living. In the past year, AISH benefits were extended to forensic psychiatric patients. Initiatives were also introduced at the local level to improve training and employment supports for AISH clients. These included assisting clients to establish home-based businesses, conducting employment-oriented information sessions for adults with disabilities, and plans for a computer lab for career planning and assessment tools.

Supports for low-income families with children in Alberta continue to be enhanced through participation in the National Child Benefit (NCB). Alberta re-invests federal income support increases into programs such as the Alberta Child Health Benefit (ACHB), which provides children in low-income families with premium-free prescription drugs, eye glasses, dental work, essential diabetic supplies, and emergency ambulance transportation. A recent evaluation of the ACHB showed that 90% of participants feel that the program provides their children with the services they need the most. Other NCB re-

Alberta is also involved in federal/provincial/territorial disability related initiatives. "In Unison 2000: *Persons with Disabilities in Canada*" released in March 2001, is a product of the shared vision of all governments on disability issues.

**Assured Income for the Severely Handicapped (AISH)** provides a basic level of income to persons with severe and permanent disabilities that prevent them from earning a livelihood. The AISH program is income and asset tested, but not needs tested.

investments include shelter and school allowance increases for families on SFI and funding for the child care subsidy program.

The department participates in a cross-ministry initiative led by Alberta Community Development to address homelessness in Alberta. Cabinet approved a joint-ministry request for $3 million in funding over three years. In addition, the department contributed over $11 million during 2000/01 to support the operation of shelters for the homeless in Edmonton, Calgary, Lethbridge and Red Deer. Seven municipalities developed strategies for the homeless in their communities. Calgary established the community based *Calgary Homeless Foundation* in which Alberta Human Resources and Employment participates as a partner.

The Alberta Widows' Pension provides benefits to widows and widowers who have limited financial resources. An Alberta Human Rights Panel hearing regarding discrimination on the basis of marital status was held in February 2001. Pending the appeal outcome of the decision in June 2001, the program may be reviewed based on recommendations.

## PERFORMANCE MEASURES

The department offers a variety of income supports to those who are unable to meet their basic needs.

**Supports for Independence (SFI)** provides financial and employment assistance for individuals and families who cannot meet their monthly needs. Individuals and families must meet a number of income, asset, and needs criteria, and must have exhausted all alternative means of support.

| | 1998/99 Actual | 1999/00 Actual | 2000/01 Actual | 2000/01 Projected |
|---|---|---|---|---|
| F.1 Supports for Independence (SFI) Caseload (monthly average) | 32,538 | 31,112 | 28,354 | 31,400 |
| F.2 Assured Income for the Severely Handicapped (AISH) Caseload (monthly average) | 23,093 | 24,760 | 26,700 | 26,000 |
| F.3 Widows' Pension Caseload (monthly average) | 2,603 | 2,466 | 2,362 | 2,530 |
| F.4 Alberta Child Health Benefit (ACHB) Caseload[14] | 28,165* | 46,699 | 57,331 | 83,400** |

**Note:**

*Monthly average for partial year July 1998 to March 1999.

**Revised to 62,000 in the 2001-04 Business Plan.

**Source:** Alberta Human Resources and Employment – Infopac SDMI3102-1; Widows' Pension System; Alberta Child Health Benefit System.

The National Child Benefit (NCB), a federal/provincial/territorial initiative carried out by the Ministers Responsible for Social Services, provides benefits and programs for low-income families with children. The National Child Benefit Progress Report: 2000 is available at http://socialunion.gc.ca or from the department at (780) 427-5585.

## ANALYSIS

The SFI program is intended to provide temporary assistance to those in need. Caseload reductions over the past three years indicate that more Albertans have returned to the workforce and are receiving assistance through employment initiatives. Supports to low-income families such as the Alberta Child Health Benefit and the National Child Benefit help keep Albertans from going on SFI.

[14] Monthly average caseloads for ACHB are reported instead of fiscal year end caseload (March only) as identified in the 2000-03 business plan because average caseloads are more representative.

AISH provides benefits to persons with severe and permanent disabilities. As the Alberta population increases and ages, the caseload is expected to rise. The average monthly caseload has increased by approximately 7% over last year.

The Alberta Widows' Pension helps widows and widowers who have limited financial resources. The number of individuals qualifying for benefits has decreased slightly this year. More older widow(er)s are working and therefore are able to support themselves.

The Alberta Child Health Benefit (ACHB) addresses a significant barrier faced by low-income parents on assistance who are moving into the labour market. By providing premium-free health benefits to children in low-income families, the ACHB promotes child health and helps families leave social assistance. Success is demonstrated by an increasing uptake of the program and extending coverage to more low-income families with children.

Since ACHB's inception, qualifying income levels have changed. These changes made the program sensitive to family size and extended coverage to include children of parents in post-secondary institutions. Even so, the number of families registered with the program is lower than projected. An evaluation of the ACHB was initiated this year in order to determine the factors underlying the lower than expected uptake.

**Alberta Widows' Pension** provides a basic level of income to widows and widowers between the ages of 55 and 64 who have limited financial resources. The program recipients are income tested, but not asset and needs tested.

The **Family Maintenance Program** helps single parents and parents of blended families receive financial support from the other parent of their children.

The **Alberta Child Health Benefit** is a premium-free health benefit plan that provides dental, optical, emergency ambulance, essential diabetic supplies and prescription drug coverage for children living in families with low incomes.

## Goal G: Alberta's adults who are unable to make personal care decisions independently receive appropriate supports and safeguards.

### STRATEGIES

- Work with other Ministries to simplify administrative processes under the *Dependent Adults Act*.
- Simplify the administration of the *Personal Directives Act* and of the *Mental Health Act* amendment assigning the Public Guardian the role of a decision-maker of last resort.
- Continue to ensure the best possible individual represents the needs of the dependent adult by encouraging private guardians to assume responsibility whenever possible.

### RESULTS

Through the Office of the Public Guardian (OPG), Alberta Human Resources and Employment assures appropriate surrogate decision-making mechanisms, supports and safeguards are available to assist adult Albertans who are unable to make personal care decisions independently.

During the past year, the OPG streamlined the administrative process for obtaining guardianship orders. Several partnership committees were implemented to address administrative processes under the Dependent Adults Act. The joint committee with the Office of the Public Trustee worked to reduce the administrative processes in obtaining a Guardianship and/or

Trusteeship Order and to simplify the certificate of incapacity process. Brochures describing OPG services were updated. Recommendations from a client satisfaction survey were implemented.

The *Personal Directives Act* allows adult Albertans to appoint an agent – someone who will make personal, non-financial decisions for them in case they become unable to make those decisions themselves.

A review of administrative processes in the *Personal Directives Act* was completed to simplify procedures and thereby allow more personal decisions to be implemented. More use of personal directives will reduce the number of guardianship orders required for Albertans.

Regional staff continued to raise awareness of personal directives and guardianship by delivering over 240 information sessions to educational institutions, hospitals, seniors and community groups.

## PERFORMANCE MEASURES

The OPG assists private individuals to obtain a guardianship order (private guardian) for an adult who is unable to make independent decisions. They also appoint public guardians for those dependent adults who do not have family members or other interested persons who might apply to become a guardian.

**G.1 Key Performance Measure**
**Percentage of dependent adults and/or their guardians/families satisfied with the supports and services provided**

| | 1999/00 | 2000/01 |
|---|---|---|
| Service Providers | 75% | 92%[15] |
| Private Guardians | n/a | 86%[16] |
| Target | | 85%[17] |

**Source:** Alberta Human Resources and Employment – 2000 and 2001 Satisfaction Survey.

## ANALYSIS

Service providers and private guardians are largely satisfied.

In 1999/00, a pilot survey of service providers who access the services on behalf of their clients was conducted. Over three quarters of these respondents indicated they were satisfied with the services of the OPG. This year, an improved survey instrument and methodology was used to assess the satisfaction of private guardians and service providers. Over 85% in both groups were satisfied with the supports and services provided by the OPG. Due to modifications to the survey instrument, satisfaction cannot be compared across years.

[15] 231 service providers were surveyed. Results regarding service providers are accurate to within ±4.3 percentage points (19 times out of 20).

[16] 379 private guardians were surveyed. This ensures accuracy to within ±4.9 percentage points (19 times out of 20).

[17] The target for this measure has been revised from 95% as published in the 2000-03 Business Plan to 85% to be consistent with other departmental satisfaction targets.

**G.2 Key Performance Measure**
**Number of dependent adult cases (volume)**

| | 1998/99 Actual | 1999/00 Actual | 2000/01 Actual | 2000/01[18] Forecast |
|---|---|---|---|---|
| Public Guardians | 1,683 | 1,885 | 1,913 | 1,762 |
| Private Guardians | 9,067 | 7,445 | 7,460 | 7,675 |

**Source:** Alberta Human Resources and Employment – Office of the Public Guardian (OPG) Information System.

### ANALYSIS

The Office of the Public Guardian believes that the highest quality of support for dependent adults is provided by either family or community members under the provision of private guardianship and actively encourages this arrangement. Therefore, the number of dependent adults with a private guardian compared to those with a public guardian indicates how effective the OPG is in promoting the best quality of care for dependent adults. This year, the number of dependent adults with private guardians is almost four times the number with public guardians.

## Goal H: Alberta Human Resources and Employment will actively participate in and add value to key cross-government initiatives.

### STRATEGIES

- Provide the leadership, input and resources necessary to develop, implement and support cross-government initiatives.
- Ensure staff who are assigned to each initiative have the required expertise and authority, and remain actively involved.
- Provide opportunities and vehicles for the Department's external stakeholders to provide input into initiatives.

### RESULTS

Alberta Human Resources and Employment focuses on people and the workplace, and plays a crucial role in advancing both the social and economic well being of Albertans. The department ensures success in these areas through active participation in several cross-government initiatives.

[18] Forecasted volumes have been revised subsequent to being reported in the 2000-03 Business Plan.

**H.1(a) Key Performance Measure**
**Results of key initiatives**

The key cross-government priorities for 2000/01 and departmental contributions to these initiatives were:

| Initiative | Results |
|---|---|
| Alberta Corporate Service Centre (ACSC) | Established and chaired a cross-government steering committee looking into the roles and responsibilities between the ministries, ACSC and central agencies. Provided senior staff to assist with the initial planning for the implementation of the ACSC. |
| Corporate Human Resource Development Strategy | Staff participated in the cross-government core measures survey. The department created a Human Resource Plan and developed a leadership continuity plan for executive team. |
| Economic Development Strategy | Contributed performance information to the annual report *Get Ready Alberta* and played a key role in the development of strategies to ensure a sufficient supply of skilled labour. A report on labour market supply and demand issues in Alberta was drafted this year. |
| Aboriginal Policy Initiatives | AHRE contributed to the development and release of the Aboriginal Policy Framework with the goal of improving the well-being and self-reliance of Aboriginal Albertans. A departmental Aboriginal strategy which complements the cross-government initiative was drafted. |

The department also participates in a number of other cross-government initiatives. These include:

| Initiative | Results |
|---|---|
| People and Prosperity | Contributed performance information to the Alberta government's annual report and participated in discussions to explore future directions for this initiative. |
| Knowledge and Innovation | AHRE identified promising practices that contribute to the development and retention of a highly skilled workforce and provided information to government and private sector partners about skills required to participate in a knowledge-based economy. |
| Alberta Children and Youth Initiative (ACYI) | AHRE participated in the ACYI interdepartmental committee to identify priority areas for program development and performance measures. A Minister's Report was completed. |
| Homeless Policy Framework | AHRE cooperated with Community Development, Health and Wellness and Treasury to identify priorities for housing and homelessness, address issues and allocate federal funds. |

**H.1(b) Key Performance Measure**
**Partners' perceptions of the Department's contribution**

The perception of fairness in collaborating with partnering ministries is key to the success of cross ministry initiatives. Each year the department surveys partnering ministries to determine their perceptions of departmental staff contribution to these collaborative efforts.

Department staff are active partners in cross-government initiatives.

| | 1999/00 | 2000/01 |
|---|---|---|
| % of partners agreeing that AHRE staff are fair[19] | 84% | 83% |

**Source**: Alberta Human Resources and Employment – Survey of Government Partners.

**ANALYSIS**

Alberta Human Resources and Employment contributed to the success of cross-government initiatives by providing resources, information and effective leadership. Survey results indicate that partnering ministries found AHRE staff to be fair (83%), very approachable (92%), courteous (89%) and helpful (84%).

## Dropped Performance Measures

Some measures from the 1999/2002 business plan were dropped as they were no longer relevant to the goals presented in the 2000/2003 plan. Appendix 1 reflects past measures and their related status.

[19] Surveys were conducted by an independent contractor. The analysis was based on 17 respondents. A five point response scale was used in the 1999/00 survey instrument, while a four point response scale was used in the 2000/01 survey instrument. This makes comparison between the two years difficult.

## Department of Alberta Human Resources and Employment

# future challenges

## goals, measures, results

Alberta Human Resources and Employment will face various challenges in the year ahead. The department is committed to helping Albertans reach their full potential and fostering healthy, safe and productive workplaces. As we adjust to meet the new challenges faced by our clients and stakeholders, we will continue to maintain the high standards that Albertans have come to expect from this department.

Key challenges include:

Are we providing what families need?

Alberta's low-income individuals and families are finding it harder to meet their basic needs due to rising costs. The lack of low cost, affordable housing interferes with the ability of many Albertans attempting to participate in training or employment. Homelessness, or the threat of homelessness, is becoming a significant barrier to community participation. This in turn has created increasing pressure on the government to consider raising the social assistance benefits despite the existence of other financial support programs for low-income families such as the Alberta Child Health Benefit program.

How can we ensure that people have the skills to prosper in a changing economy?

Globalization and rapid change are transforming Alberta's economy. The promotion of a "wired world" and increased awareness of the benefits of access to technology will contribute to a high demand for technical training and technologically skilled workers. Alberta is experiencing a skill shortage, and it is expected to continue over the short term. The aging of the workforce means that a significant number of workers will be leaving the labour market. Alberta's already-high participation rates mean that most people who could be working already are. Yet there are high rates of unemployment among persons with disabilities, Aboriginal people and youth. There is a challenge to successfully support these groups in making a permanent attachment to the workforce addressing skill shortages.

What is the best way to keep new workers safe?

Alberta's buoyant economy coupled with increased economic activity has resulted in an increase in incident rates in workplaces as more young and inexperienced workers come into the workplace. There is an increased need to promote workplace safety and enforcement legislation.

The labour relations climate is anticipated to be uncertain as important labour agreements are up for negotiation in the coming months with high potential for disruptive strikes or unfavourable work environments. The challenge for Alberta Human Resources and Employment will be to successfully mediate solutions.

How do we keep workplaces "working" for everyone?

# Financial Analysis and Discussion

## Ministry of Alberta Human Resources and Employment

# financial analysis and discussion

The following financial statements for the Ministry of Alberta Human Resources and Employment include the activities of the:

- Department of Alberta Human Resources and Employment (AHRE)
- Personnel Administration Office (PAO)
- Alberta Labour Relations Board (ALRB)

Pursuant to the *Government Accountability Act*, the activities of the Workers' Compensation Board – Alberta (WCB) are not included in the financial statements of the Ministry of Human Resources and Employment. The WCB's activities are reported separately. The audited financial statements and a brief analysis of financial results is included in this Ministry annual report on page 161.

## FINANCIAL INFORMATION
### FINANCIAL RESULTS AND PERFORMANCE

**Financial Results**

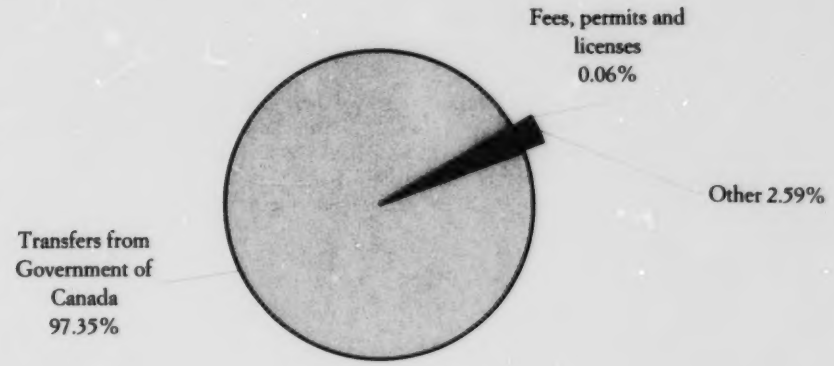
**Accountability**

Financial results of the Ministry of Human Resources and Employment for the year ended March 31, 2001 include the activities of the Personnel Administration Office, the Labour Relations Board, and the Department of Human Resources and Employment. More detailed information can be found in the Ministry's financial statements included in the Annual Report.

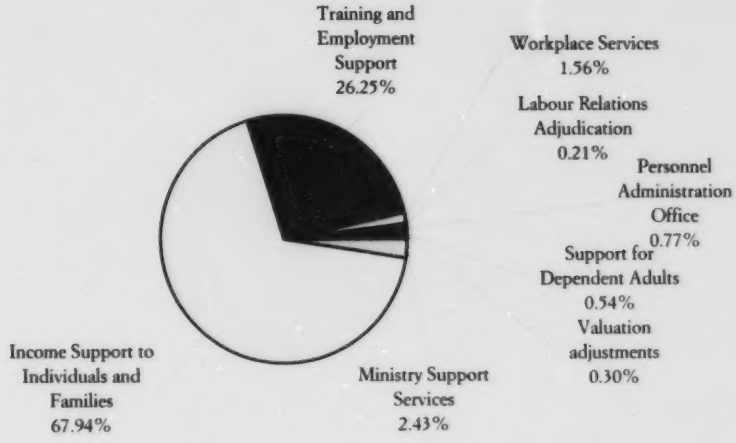
(in thousands)

| | 2001 | | 2000 |
|---|---|---|---|
| | Budget | Actual | Actual |
| **Revenue** | | | |
| Transfers from Government of Canada | $ 385,304 | $ 460,562 | $ 408,489 |
| Fees, permits and licenses | 270 | 283 | 220 |
| Investment income | 1 | – | – |
| Other | 13,630 | 12,248 | 12,913 |
| | 399,205 | 473,093 | 421,622 |
| **Expense** | | | |
| Voted: | | | |
| Ministry Support Services | 23,032 | 24,486 | 28,349 |
| Income Support to Individuals and Families | 696,193 | 684,021 | 644,067 |
| Training and Employment Support | 281,298 | 264,226 | 274,401 |
| Workplace Services | 14,897 | 15,739 | 13,831 |
| Labour Relations Adjudication | 2,003 | 2,105 | 2,253 |
| Personnel Administration Office | 7,773 | 7,747 | 7,083 |
| Support for Dependent Adults | 5,106 | 5,419 | 4,836 |
| | 1,030,302 | 1,003,743 | 974,820 |
| Valuation adjustments | | | |
| Provision for doubtful accounts, vacation pay and repayable advances | 671 | 3,001 | 1,183 |
| | 1,030,973 | 1,006,744 | 976,003 |
| **Net Operating Results** | $ (631,768) | $ (533,651) | $ (554,381) |

**Sources of Revenue – $473 Million**




**Expenses by Program – $1.0 Billion**
(Programs represent services to Albertans)


Training and Employment Support 26.25%
Workplace Services 1.56%
Labour Relations Adjudication 0.21%
Personnel Administration Office 0.77%
Support for Dependent Adults 0.54%
Valuation adjustments 0.30%
Income Support to Individuals and Families 67.94%
Ministry Support Services 2.43%

## DISCUSSION OF FINANCIAL RESULTS/PERFORMANCE

### Results of Operations

### Revenues

Revenues for the Ministry of Human Resources and Employment amounted to $473.1 million for 2000-2001. Transfers from the Federal Government totalled $460.6 million (Canada Health and Social Transfers – $303.7 million, Labour Market Development Agreement Benefits – $124.2 million, Services to On-Reserve Status Indians – $10.3 million and Rehabilitation of Disabled Persons – $22.3 million). The remaining $12.5 million in revenues included $6.0 million from the Workers' Compensation Board to defray part of the costs of administering the Occupational Health and Safety Act, $5.7 million of Supports for Independence (SFI)/Assured Income for the Severely Handicapped (AISH) overpayment recoveries from clients or refunds from federal Employment Insurance and Canada Pension Plan Disability programs, approximately $0.5 million of prior year expenditure refunds, and $0.3 million from fees, permits and licences.

#### Comparison of 2000-2001 Budget to Actual

Actual Revenues were $73.9 million higher than budgeted owing primarily to higher than expected transfers from the Federal Government. Federal transfers under the Canada Health and Social Transfer were $61.5 million higher than budgeted as this revenue is determined by a formula that is impacted by population changes and provincial personal and corporate income taxes. In addition, the Federal Government reinstated a portion of transfer payments that were reduced in prior years. Revenue received under the Labour Market Development Agreement was $324,000 higher than budgeted due to an increase in the maximum allowable claim. Federal transfers for Services to On-Reserve Status Indians were $4.3 million higher than budgeted and Rehabilitation of Disabled Persons revenues were $9.2 million higher due to the budget amount being published prior to a decision to allocate the revenue reported by several other Ministries as revenue of Human Resources and Employment. Other Revenues were $1.4 million lower owing primarily to a decrease in expected prior year expenditure refunds.

#### Comparison of 2000-2001 Actual to 1999-2000 Actual

Total revenues for the Ministry increased $51.5 million owing primarily to a $52.1 million increase in transfers from the Federal Government which were partially offset by a decrease of $665,000 in Other Revenue as a result of a decrease in prior year expenditure refunds. The $52.1 million increase in Federal Government transfers was comprised of increases of $48.4 million in the Canada Health and Social Transfer, $2.6 million under the Labour Market Development Agreement as a result of more eligible training and employment programs and services being eligible for cost recovery, and a $1.1 million increase in revenue for Services provided to On-Reserve Status Indians.

### Expenses

The Ministry of Human Resources and Employment incurred expenses totalling $1.0 billion for 2000-2001. Over $684 million was provided for programs such as Supports for Independence, Shelters for Homeless Adults, Alberta Widows' Pension, Child Health Benefits, and Assured Income for the Severely Handicapped. Another $264.2 million was invested in Training and Employment Support for various programs such as Skills Development Training, Employment Preparation, Employment Initiatives, and Labour Market Development Agreement benefits. Workplace Services incurred expenses of $15.7 million on programs and services such as Mediation, Issues Management, Employment Standards, and Regional Services. Supports to Dependent Adults incurred expenses of $5.4 million while $24.5 million, which is less than 2.5% of total expenditures, was used for Ministry Support Services. Valuation Adjustments for provisions for doubtful accounts, provisions for vacation pay and repayable advances amounted to $3.0 million.

The Personnel Administration Office incurred expenses of $7.7 million and the Labour Relations Board spent $2.1 million on various programs and services.

#### Comparison of 2000-2001 Budget to Actual

In total, 2000-2001 expenditures were $24.2 million less than the original budget of $1.0 billion. The following comments provide a high level discussion of the significant expense variances of the Ministry's programs.

- When comparing the original 2000-2001 budget and actual results, the Ministry Support Services incurred an over-expenditure of $1.4 million. Information Technology costs associated with computer desktop support upgrading, use of government-wide Active Directory Services, costs associated with the government's financial computer systems and ergonomic furniture replacement were the primary factors contributing towards the over-expenditure.

- Income Support to Individuals and Families had an overall under-expenditure of $12.2 million owing primarily to a decrease in the Supports for Independence budgeted monthly average caseload of 31,400 cases to an actual caseload of 28,354. The Widows' Pension program also had a $1.0 million under-expenditure as a result of a caseload reduction from 2,530 cases to 2,362 cases. Savings of $24.0 million from these two programs were offset by increased demand in the Assured Income for the Severely Handicapped (AISH) program where average monthly caseloads changed from the budgeted 26,000 cases to 26,700 cases. The Supports for Independence savings also allowed the Ministry to increase its investment in programs such as Child Health Benefits and Shelters for Homeless Adults.

- Training and Employment Support under-spent by $17.1 million owing primarily to decreased volume and lower contract activity in Labour Market Development Agreement programs which reflects Alberta's strong economy.

- Workplace Services had an over-expenditure of $842,000 to fund workplace health and safety initiatives to help reduce workplace injuries in the future.

- Labour Relations Adjudication incurred a $102,000 over-expenditure owing primarily to additional board member costs that were incurred due to a number of complex hearings.

- The Personnel Administration Office's $26,000 under-expenditure was attributed to staff vacancies.

- Support for Dependent Adults program over-spent by $313,000 owing primarily to the Office of the Public Guardian increase in manpower costs as a result of an increased number of and more complex cases.

**Comparison of 2000-2001 Actual to 1999-2000 Actual**

- Ministry Support Services expenses decreased $3.9 million owing primarily to a decrease in information technology equipment purchases and support services.

- Income Support to Individuals and Families expenses increased $40.4 million. The Assured Income for the Severely Handicapped expenses increased $34.2 million due to an increase in monthly average caseloads from 24,760 to 26,700 and a monthly average cost per case increase (primarily medical costs) of $41 from $902 to $943. Increased utilization of the Child Health Benefit program resulted in a $5.2 million expenditure increase in this program. As well increased demand for Shelters for Homeless Adults and provision for fair compensation to agency staff resulted in an expenditure increase of $1.8 million. These increases in expenditures were partially offset by reduced spending totalling $0.8 million which included Supports for Independence program savings. The continued success of our welfare reforms resulted in a decrease in the average monthly caseload from 31,112 to 28,354.

- Training and Employment Support expenses decreased to $264.6 million which represents a $10.3 million change, primarily due to the decline in Labour Market Development Agreement program activity.

- Workplace Services expenses increased by $1.9 million as a result of additional Occupational Health and Safety Officers and establishment of a Call Centre to handle workplace health and safety issues.

- Labour Relations Adjudication expenses decreased by $148,000 due mainly to one-time expenses for computer system enhancements that occurred in the previous year.

- The Personnel Administration Office had additional expenses of $664,000 for the increased cost of salary settlements and a new service agreement arrangement for finance and administrative activities.

- Support for Dependent Adults expenses increased by $583,000 in the Office of the Public Guardian to accommodate increased manpower and supply costs as a result of increased and more complex caseloads.

# Ministry of Alberta Human Resources and Employment

# financial statements

## for the year ended March 31, 2001

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AUDITOR GENERAL
*Alberta*

# Auditor's Report

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Human Resources and Employment as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry is required to follow the corporate government accounting policies and reporting practices established by Alberta Treasury, including the following policy that is an exception from Canadian generally accepted accounting principles. Capital assets purchased with a cost of under $15,000 are expensed in the year acquired rather than being capitalized and amortized over their useful lives. Consequently, a significant amount of resources available to the Ministry have been recorded as if they have been consumed. In my view, capital assets purchased in the current year of approximately $9.2 million should be recognized as assets in the accompanying statement of financial position. The effect of this understatement of assets is to overstate expenses for the year ended March 31, 2001 by $9.2 million. The cumulative effect of the application of this policy on the accompanying financial statements, with respect to the Ministry's total capital assets and accumulated amortization, cannot be reasonably determined but is believed to be significant.

In my opinion, except for the effects of the matters discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Ministry of Human Resources and Employment as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine

Peter Valentine, FCA
Auditor General

Edmonton, Alberta
May 22, 2001

## Ministry of Human Resources and Employment
**STATEMENT OF OPERATIONS**
For the year ended March 31, 2001

(in thousands)

| | 2001 Budget (Schedule 4) | 2001 Actual | 2000 Actual |
|---|---|---|---|
| Revenue (Schedules 1 and 2) | | | |
| Transfers from Government of Canada | $ 385,304 | $ 460,562 | $ 408,489 |
| Investment income | 1 | – | – |
| Fees, permits and licenses | 270 | 283 | 220 |
| Other | 13,630 | 12,248 | 12,913 |
| | 399,205 | 473,093 | 421,622 |
| Expenses – Directly Incurred (Schedule 8 and Note 2b) | | | |
| Voted (Schedules 3 and 5) | | | |
| Ministry Support Services | 23,032 | 24,486 | 28,349 |
| Income Support to Individuals and Families | 696,193 | 684,021 | 644,067 |
| Training and Employment Support | 281,298 | 264,226 | 274,401 |
| Workplace Services | 14,897 | 15,739 | 13,831 |
| Labour Relations Adjudication | 2,003 | 2,105 | 2,253 |
| Personnel Administration Office | 7,773 | 7,747 | 7,083 |
| Support for Dependent Adults | 5,106 | 5,419 | 4,836 |
| | 1,030,302 | 1,003,743 | 974,820 |
| Statutory (Schedule 5 and Note 5) | | | |
| Valuation adjustments | | | |
| Provision for doubtful accounts, vacation pay and repayable advances | 671 | 3,001 | 1,183 |
| | 1,030,973 | 1,006,744 | 976,003 |
| Net Operating Results | $ (631,768) | $ (533,651) | $ (554,381) |

The accompanying notes and schedules are part of these financial statements.

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
### STATEMENT OF FINANCIAL POSITION
As at March 31, 2001

| | (in thousands) | |
|---|---|---|
| | 2001 | 2000 |
| **Assets** | | |
| Cash | $ 1,547 | $ 5,644 |
| Accounts Receivable (Note 3) | 28,778 | 42,106 |
| Advances (Note 4) | 13,523 | 11,272 |
| Capital Assets (Note 6) | 7,502 | 11,081 |
| | $ 51,350 | $ 70,103 |
| **Liabilities** | | |
| Accounts Payable and Accrued Liabilities | $ 50,524 | $ 38,383 |
| Unamortized Deferred Capital Contribution (Note 7) | 810 | 621 |
| Unearned Revenue | – | 1 |
| | 51,334 | 39,005 |
| **Net assets** | | |
| Net assets at beginning of year | 31,098 | 21,577 |
| Net Operating Results | (533,651) | (554,381) |
| Transfer from General Revenues | 502,569 | 563,902 |
| Net assets at end of year | 16 | 31,098 |
| | $ 51,350 | $ 70,103 |

The accompanying notes and schedules are part of these financial statements.

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
### STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended March 31, 2001

(in thousands)

| | 2001 | 2000 |
|---|---|---|
| Operating transactions: | | |
| Net operating results from continuing operations | $ (533,651) | $ (554,381) |
| Non cash items included in net operating results | | |
| Amortization | 1,643 | 2,601 |
| Valuation adjustments | 3,001 | 1,183 |
| | (529,007) | (550,597) |
| Decrease (increase) in accounts receivable (a) | 11,134 | (4,707) |
| (Increase) decrease in advances (a) | (3,048) | 134 |
| Increase (decrease) in accounts payable (a) | 12,131 | (6,630) |
| Increase in unamortized deferred capital contribution | 189 | 363 |
| Increase (decrease) in unearned revenues | (1) | 1 |
| Cash used by operating transactions | (508,602) | (561,436) |
| Investing transactions: | | |
| Purchase of capital assets (Schedule 5) | (930) | (901) |
| Transfer of capital assets to other ministries (Schedule 7) | 2,866 | – |
| Cash provided (used) by investing transactions | 1,936 | (901) |
| Financing transactions: | | |
| Net Transfer from General Revenues | 502,569 | 563,902 |
| Net cash provided (used) | (4,097) | 1,565 |
| Cash at beginning of year | 5,644 | 4,079 |
| Cash at end of year | $ 1,547 | $ 5,644 |

(a) Changes adjusted for valuation adjustments (Note 5)

The accompanying notes and schedules are part of these financial statements.

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## NOTES TO THE MINISTRY FINANCIAL STATEMENTS
For the Year Ended March 31, 2001

### Note 1 Authority and Purpose

The Ministry of Human Resources and Employment operates under the authority of the Government Organization Act, Statutes of Alberta.

The Ministry of Human Resources and Employment contributes to the Alberta Advantage by working with partners to:

- Assist Albertans to reach their full potential in society and the economy,
- Foster safe, fair, productive and innovative workplaces,
- Support those in need.

### Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all Ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) **Reporting Entity**

The reporting entity is the Ministry of Human Resources and Employment, for which the Minister of Human Resources and Employment is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of the Ministry are deposited into the Fund and all cash disbursements made by the Ministry are paid from the Fund. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) **Basis of Financial Reporting**

**Revenues**

All revenues are reported using the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

**Dedicated Revenue**

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

**Expenses**

**Directly Incurred**

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

(b) **Basis of Financial Reporting (continued)**

Directly incurred expenses include:

- amortization of capital assets
- pension costs which comprise the cost of employer contributions for current service of employees during the year
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at the net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

**Incurred by Others**

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 8.

**Assets**

Financial assets of the Ministry are limited to financial claims such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000. All land is capitalized.

**Liabilities**

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

**Net Assets**

Net Assets represent the difference between the value of assets held by the Ministry and its liabilities.

**Measurement Uncertainty**

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accounts Receivable (net), recorded as $28,778,000 in these financial statements, is subject to measurement uncertainty. The provision for bad debts, recorded as $60,462,000 in these financial statements is based on collecting a percentage of the Accounts Receivable balance at March 31, 2001. The actual amount collected could vary significantly from that estimated.

**Valuation of Financial Assets and Liabilities**

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their book values.

**Note 3 Accounts Receivable**
(in thousands)

| | 2001 | | | 2000 |
|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Accounts receivable | $ 89,068 | $ 60,462 | $ 28,606 | $ 41,977 |
| Refunds from suppliers | 172 | – | 172 | 129 |
| | $ 89,240 | $ 60,462 | $ 28,778 | $ 42,106 |

Accounts receivable are unsecured and non-interest bearing.

**Note 4 Advances**
(in thousands)

| | 2001 | | | 2000 |
|---|---|---|---|---|
| | Gross Amount | Allowance for Doubtful Accounts | Net Realizable Value | Net Realizable Value |
| Travel advances | $ 66 | $ – | $ 66 | $ 100 |
| Program advances | 13,457 | | 13,457 | 11,172 |
| | $ 13,523 | $ – | $ 13,523 | $ 11,272 |

Travel advances are provided to departmental employees to cover the cost of business travel. Program advances are used to administer program benefits for clients. The 2000 program advance amount has been reclassified from cash to advances to conform to the 2001 presentation.

**Note 5 Valuation Adjustments**
(in thousands)

| | 2001 | 2000 |
|---|---|---|
| Provision for doubtful accounts | $ 2,194 | $ 462 |
| Provision for vacation pay | 10 | 1,433 |
| Provision for advances repayable from future appropriations | 797 | (712) |
| | $ 3,001 | $ 1,183 |

**Note 6 Capital Assets**
(in thousands)

| | 2001 | | | | 2000 |
|---|---|---|---|---|---|
| | Estimated Useful Life | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Equipment [a] | 3 – 5 Years | $ 810 | $ 726 | $ 84 | $ 122 |
| Systems development and enhancements | 5 – 7 Years | 33,676 | 26,258 | 7,418 | 10,959 |
| | | $ 34,486 | $ 26,984 | $ 7,502 | $ 11,081 |

Equipment includes vehicles and Information Technology hardware.

**Note 7 Unamortized Deferred Capital Contributions**

Capital contributions are received from the Government of Canada under the Labour Market Development Agreement to acquire capital assets. Unamortized deferred capital contributions represent the externally funded portion of capital assets, which will be recognized as revenue in future years.

**Note 8 Commitments**
(in thousands)

At March 31, 2001, the Ministry had commitments:

| | 2001 | 2000 |
|---|---|---|
| Service contracts | $ 19,093 | $ 16,685 |

Ministry leases certain vehicles under operating lease agreements that expire on various dates to 2008. It is the Ministry's intention to maintain fleet inventory at present levels. The aggregate amount payable for the unexpired terms of these leases is approximately $1,020 per annum and is not expected to vary significantly.

**Note 9 Contingencies**

At March 31, 2001, the Ministry is a defendant in fifteen legal claims (2000 – seventeen claims). Fourteen of these claims have specified amounts totaling $10.9 million (2000 – $312.7 million) while the remaining claim has not specified any amount. Included in the total legal claims are two claims amounting to $1.5 million in which the Ministry has been jointly named with another entity. Five claims amounting to $8.8 million are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

**Note 10 Trust Funds Under Administration**
(in thousands)

The Ministry administers trust funds, which are regulated funds, consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements. As at March 31, 2001, trust funds under administration were as follows:

| | 2001 | | | 2000 |
|---|---|---|---|---|
| | Total Assets | Total Liabilities | Net Assets (Liabilities) | Net Assets (Liabilities) |
| Long Term Disability Income Continuance Plans: | | | | |
| Bargaining Unit * | $ 90,719 | $ 103,429 | $ (12,710) | $ 2,640 |
| Management, Opted Out and Excluded * | 15,220 | 19,803 | (4,583) | (800) |
| Government Employees' Group Extended Medical Benefits Plan Trust | 722 | 1,384 | (662) | (920) |
| Government of Alberta Dental Plan Trust | 3,718 | 1,340 | 2,378 | 2,834 |
| Employment Standards Trust Fund | 162 | – | 162 | 257 |
| Other Client Trusts | 11 | – | 11 | 9 |
| | $ 110,552 | $ 125,956 | $ (15,404) | $ 4,020 |

* Further details on the financial activities of these trust funds can be found in the Supplementary Ministry Financial Information section of the Ministry of Human Resources and Employment 2000/01 Annual Report.

**Note 11 Pensions**
(in thousands)

The Ministry participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $5,878 for the year ending March 31, 2001 (2000 – $5,602).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of $104,658 (1999 – $46,019) and the Public Service Pension Plan reported a surplus of $635,084 (1999 – $517,020).

At December 31, 2000, the Supplementary Retirement Plan for Public Service Managers had a surplus of $180 (1999 – $33).

**Note 12 Comparative Figures**

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

**Note 13 Approval of Financial Statements**

These financial statements were approved by the Deputy Minister, the Acting Public Service Commissioner, the Chair of the Labour Relations Board and the Senior Financial Officer.

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## SCHEDULE TO FINANCIAL STATEMENTS

**Schedule 1**

### REVENUE
For the Year Ended March 31, 2001

(in thousands)

| | 2001 | | 2000 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Transfers from the Government of Canada | | | |
| Canada Health and Social Transfer | $ 242,263 | $ 303,740 | $ 255,328 |
| Labour Market Development Agreement Benefits | 123,882 | 124,206 | 121,636 |
| Services to On-Reserve Status Indians | 6,015 | 10,273 | 9,182 |
| Rehabilitation of Disabled Persons | 13,144 | 22,343 | 22,343 |
| | 385,304 | 460,562 | 408,489 |
| Investment Income | | | |
| Various | 1 | – | – |
| Fees, Permits and Licences | | | |
| Various | 270 | 283 | 220 |
| Other Revenue | | | |
| Refunds of Expenditure | 6,930 | 5,128 | 5,767 |
| Other | 6,700 | 7,120 | 7,146 |
| | 13,630 | 12,248 | 12,913 |
| Total Revenue | $ 399,205 | $ 473,093 | $ 421,622 |

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## SCHEDULE TO FINANCIAL STATEMENTS

**Schedule 2**

### DEDICATED REVENUE INITIATIVES
For the Year Ended March 31, 2001

(in thousands)

| | 2001 | | |
|---|---|---|---|
| | Authorized Dedicated Revenue | Actual Dedicated Revenue | Excess (Shortfall) |
| Expenses by Program | | | |
| Labour Market Development Agreement (a) | | | |
| Benefits and Measures | $ 112,129 | $ 112,661 | $ 532 |
| Program Support | 9,503 | 9,390 | (113) |
| Capital Purchases by Program | | | |
| Labour Market Development Agreement (a) | | | |
| Benefits and Measures | 2,250 | 2,155 | (95) |
| Total Dedicated Revenue | $ 123,882 | $ 124,206 | $ 324 |

The revenue and expense related to the dedicated revenue initiatives are included in the Ministry's revenue and expense in the statement of operations.

(a) Labour Market Development Agreement Benefits and Measures and Program Support dedicated revenue initiatives allow the costs associated with programs under the Labour Market Development Agreement to be fully offset with revenues collected from the Government of Canada.

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## SCHEDULE TO FINANCIAL STATEMENTS

**Schedule 3**

### EXPENSE DIRECTLY INCURRED – DETAILED BY OBJECT
For the Year Ended March 31, 2001

(in thousands)

| | 2001 | | 2000 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Voted Expenses | | | |
| Salaries, wages and employee benefits | $ 117,643 | $ 116,279 | $ 117,351 |
| Supplies and services | 143,110 | 159,078 | 149,110 |
| Grants | 792,232 | 747,255 | 733,302 |
| Financial transactions and other | 48 | 71 | 84 |
| Amortization of capital assets | 3,138 | 1,643 | 2,601 |
| Total voted expenses before recoveries | 1,056,171 | 1,024,326 | 1,002,448 |
| Less Recovery from Support Service Arrangements with Related Parties (a) | (25,869) | (20,583) | (27,628) |
| Total voted expenses after recoveries | $ 1,030,302 | $ 1,003,743 | $ 974,820 |

(a) The Ministry provides human resources, information technology, financial and other administrative support services to the Ministries of Health and Wellness and Children's Services. Costs incurred for these services are recovered from these ministries.

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## SCHEDULE TO FINANCIAL STATEMENTS

**Schedule 4**

### BUDGET
For the Year Ended March 31, 2001

(in thousands)

| | 2000-2001 Estimates (a) | 2000-2001 Authorized Budget |
|---|---|---|
| Revenue | | |
| Transfer from the Government of Canada | $ 385,304 | $ 385,304 |
| Investment Income | 1 | 1 |
| Fees, Permits and Licences | 270 | 270 |
| Other Revenue | 13,630 | 13,630 |
| | 399,205 | 399,205 |
| Expenses | | |
| Voted Expenses | | |
| Ministry Support Services | 23,032 | 23,032 |
| Income Support to Individuals and Families | 696,193 | 696,193 |
| Training and Employment Support | 281,298 | 281,298 |
| Workplace Services | 14,897 | 14,897 |
| Labour Relations Adjudication | 2,003 | 2,003 |
| Personnel Administration Office | 7,773 | 7,773 |
| Supports to Dependent Adults | 5,106 | 5,106 |
| | 1,030,302 | 1,030,302 |
| Statutory Expenses | | |
| Valuation adjustments | | |
| Provisions for Doubtful Accounts, Vacation Pay and Repayable Advances | 671 | 671 |
| Total Expenses | 1,030,973 | 1,030,973 |
| Net Operating Results | $ (631,768) | $ (631,768) |
| Capital Investment | $ 4,668 | $ 4,668 |

(a) Government and Lottery Fund estimates were approved on May 5th, 2000.

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## SCHEDULE TO FINANCIAL STATEMENTS

**Schedule 5**

## COMPARISON OF EXPENSES – DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET

For the Year Ended March 31, 2001

(in thousands)

| | 2000-2001 Estimate | 2000-2001 Authorized Budget | 2000-2001 Actual (a) | Unexpended (Over Expended) |
|---|---|---|---|---|
| **Voted Expenses and Capital Investments** | | | | |
| Program 1 – Ministry Support Services | | | | |
| 1.0.1 Minister's Office | $ 331 | $ 331 | $ 303 | $ 28 |
| 1.0.2 Deputy Minister's Office | 337 | 337 | 328 | 9 |
| 1.0.3 Strategic Services | 1,186 | 1,186 | 922 | 264 |
| 1.0.4 Program Design | 902 | 902 | 909 | (7) |
| 1.0.5 Workplace Relationships | 417 | 417 | 376 | 41 |
| 1.0.6 Regional Delivery Services | 1,614 | 1,614 | 1,740 | (126) |
| 1.0.7 Information Technology Management | | | | |
| Operating Expense | 5,652 | 5,652 | 6,047 | (395) |
| Capital Investment | 548 | 548 | 61 | 487 |
| 1.0.8 Human Resources | 3,636 | 3,636 | 4,033 | (397) |
| 1.0.9 Finance Division | | | | |
| Operating Expense | 8,264 | 8,264 | 9,205 | (941) |
| Capital Investment | 70 | 70 | 23 | 47 |
| 1.0.10 Communications | 693 | 693 | 623 | 70 |
| | 23,650 | 23,650 | 24,570 | (920) |
| Program 2 – Income Support to Individuals and Families | | | | |
| 2.1.1 Program Support | | | | |
| Operating Expense | 25,407 | 25,407 | 25,738 | (331) |
| Capital Investment | 1,000 | 1,000 | 494 | 506 |
| 2.2.1 SFI-Program Delivery | 35,465 | 35,465 | 37,092 | (1,627) |
| 2.2.2 Family Maintenance | 3,502 | 3,502 | 3,217 | 285 |
| 2.2.3 Supplement to Earnings | 50,526 | 50,526 | 40,525 | 10,001 |
| 2.2.4 Temporary Support | 93,708 | 93,708 | 73,326 | 20,382 |
| 2.2.5 Transitional Support | 68,305 | 68,305 | 67,666 | 639 |
| 2.2.6 Assured Support | 84,929 | 84,929 | 92,851 | (7,922) |
| 2.2.7 Shelters for Homeless Adults | 10,023 | 10,023 | 11,189 | (1,166) |
| 2.3.1 Benefits for People not Expected to Work-Program Delivery | 4,573 | 4,573 | 5,744 | (1,171) |
| 2.3.2 Widows' Pension | 9,300 | 9,300 | 8,303 | 997 |
| 2.3.3 Assured Income for the Severely Handicapped | 295,789 | 295,789 | 302,099 | (6,310) |
| 2.4.1 Child Health Benefits | 14,666 | 14,666 | 16,271 | (1,605) |
| | 697,193 | 697,193 | 684,515 | 12,678 |
| Program 3 – Training and Employment Support | | | | |
| 3.1.1 Program Delivery Support | | | | |
| Operating Expense | 25,667 | 25,667 | 30,261 | (4,594) |
| Capital Investment | 2,950 | 2,950 | 312 | 2,638 |
| 3.1.2 Professions and Occupations | 202 | 202 | 219 | (17) |
| 3.2.1 Employment Preparation Programs | 25,434 | 25,434 | 22,656 | 2,778 |
| 3.2.2 Special Needs Bursaries | 1,100 | 1,100 | 1,287 | (187) |
| 3.2.3 Skills Development Training Grants | 103,000 | 103,000 | 101,956 | 1,044 |
| 3.2.4 Employment Initiatives | | | | |
| Operating Expense | 20,694 | 20,694 | 19,318 | 1,376 |
| Capital Investment | 100 | 100 | 40 | 60 |
| 3.2.5 Youth Connections | 6,200 | 6,200 | 6,396 | (196) |
| 3.2.6 Employability Council | 55 | 55 | 26 | 29 |
| 3.3.1 Labour Market Development Agreement Benefits and Measures | 98,946 | 98,946 | 82,107 | 16,839 |
| | 284,348 | 284,348 | 264,578 | 19,770 |

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## SCHEDULE TO FINANCIAL STATEMENTS

**Schedule 5**

## COMPARISON OF EXPENSES – DIRECTLY INCURRED AND CAPITAL INVESTMENTS BY ELEMENT TO AUTHORIZED BUDGET

**(continued)**

For the Year Ended March 31, 2001

(in thousands)

| | 2000-2001 Estimate | 2000-2001 Authorized Budget | 2000-2001 Actual (a) | Unexpended (Over Expended) |
|---|---|---|---|---|
| Program 4 – Workplace Services | | | | |
| 4.1.1 Workplace and Workforce Information | 1,893 | 1,893 | 1,933 | (40) |
| 4.1.2 Mediation | 470 | 470 | 417 | 53 |
| 4.1.3 Workplace Relations and Facilitation | 898 | 898 | 664 | 234 |
| 4.2.1 Program Management | 208 | 208 | 195 | 13 |
| 4.2.2 Occupational Health and Safety Council | 30 | 30 | 29 | 1 |
| 4.2.3 Council on Workplace Safety | 15 | 15 | 14 | 1 |
| 4.2.4 Legislation, Policy and Technical Support | 1,140 | 1,140 | 1,716 | (576) |
| 4.2.5 Partnerships | 675 | 675 | 535 | 140 |
| 4.2.6 Northern Regional Services | 2,570 | 2,570 | 2,993 | (423) |
| 4.2.7 Southern Regional Services | 2,568 | 2,568 | 2,637 | (69) |
| 4.3.1 Program Management | 166 | 166 | 174 | (8) |
| 4.3.2 Registrar | 172 | 172 | 273 | (101) |
| 4.3.3 Corporate Services | 1,009 | 1,009 | 1,160 | (151) |
| 4.3.4 Northern Regional Services | 1,646 | 1,646 | 1,583 | 63 |
| 4.3.5 Southern Regional Services | 1,437 | 1,437 | 1,416 | 21 |
| | 14,897 | 14,897 | 15,739 | (842) |
| Program 5 – Labour Relations Adjudication and Regulation | | | | |
| 5.1.1 Labour Relations Board | 2,003 | 2,003 | 2,105 | (102) |
| | 2,003 | 2,003 | 2,105 | (102) |
| Program 6 – Personnel Administration Office | | | | |
| 6.1.1 Public Service Commissioner's Office | 440 | 440 | 381 | 59 |
| 6.1.2 Corporate Human Resource Services | 4,676 | 4,676 | 4,751 | (75) |
| 6.1.3 Information Management Services | 1,907 | 1,907 | 1,874 | 33 |
| 6.2.1 Research and Development | 750 | 750 | 741 | 9 |
| | 7,773 | 7,773 | 7,747 | 26 |
| Program 7 – Supports to Dependent Adults | | | | |
| 7.0.1 Office of the Public Guardian | 3,537 | 3,537 | 3,830 | (293) |
| 7.0.2 Support to Dependent Adult Agencies | 1,449 | 1,449 | 1,431 | 18 |
| 7.0.3 Dependent Adult Appeals | 120 | 120 | 158 | (38) |
| | 5,106 | 5,106 | 5,419 | (313) |
| **Total Voted Expenses and Capital Investments** | $ 1,034,970 | $ 1,034,970 | $ 1,004,673 | $ 30,297 |
| Program Operating Expense | 1,030,302 | 1,030,302 | 1,003,743 | 26,559 |
| Program Capital Investment | 4,668 | 4,668 | 930 | 3,738 |
| | $ 1,034,970 | $ 1,034,970 | $ 1,004,673 | $ 30,297 |
| **Statutory Expenses** | | | | |
| Valuation Adjustments | 671 | 671 | 3,001 | (2,330) |
| **Total Statutory Expenses** | $ 671 | $ 671 | $ 3,001 | $ (2,330) |

(a) Includes achievement bonus of $1,188

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## SALARY AND BENEFITS DISCLOSURE
## DEPARTMENT OF HUMAN RESOURCES AND EMPLOYMENT

**Schedule 6(a)**

For the Year Ended March 31, 2001

| | 2001 | | | 2000 |
|---|---|---|---|---|
| | Salary [1] | Benefits and Allowances [2] | Total | Total |
| **Senior Official** | | | | |
| Deputy Minister [3][5] | $ 164,560 | $ 41,177 | $ 205,737 | $ 180,270 |
| **Executives** | | | | |
| Assistant Deputy Ministers | | | | |
| Regional Delivery Services – People & Workplace | 113,801 | 25,767 | 139,568 | 123,390 |
| Program Design | 118,440 | 30,027 | 148,467 | 139,895 |
| Strategic Services [6] [7] | 64,789 | 14,489 | 79,278 | 41,942 |
| Senior Financial Officer [4] | 105,058 | 20,601 | 125,659 | 120,434 |
| Chief Information Officer | 104,031 | 18,686 | 122,717 | 11,759 |
| Executive Director – Workplace Relationships [8][9] | 90,447 | 4,128 | 94,575 | 106,807 |
| Executive Director – Human Resources [4] | 125,375 | 30,392 | 155,767 | 166,183 |

Prepared in accordance with Treasury Board Directive 12/98.

The presentation format has changed with prospective application from April 1, 2000. Under the new format the total salary and benefits relating to a position are disclosed. Comparatives have not been restated and show the salary and benefits of the last incumbent at March 31, 2000.

(1) Salary includes regular base pay, bonuses, and lump sum payments.

(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(3) Automobile provided, no dollar amount included in benefits and allowances figures.

(4) Benefits and Allowances include vacation payments to the Senior Financial Officer $5,794 (2000 – $5,496) and Executive Director of Human Resources $0 (2000 – $26, 262).

(5) This position was occupied by two individuals through the year. The incumbent joined the Department as Deputy Minister on June 7, 2000.

(6) The position title changed from Performance Evaluation & Information Services to Strategic Services.

(7) This position was occupied by two individuals. The position was vacant between June 1 and October 23, 2000. The incumbent joined the Department as an Assistant Deputy Minister on October 23, 2000.

(8) The position title changed from Strategic Services to Workplace Relationships.

(9) The incumbent joined the Department as an Executive Director on October 23, 2000. Salary includes pay in lieu of benefits.

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## SALARY AND BENEFITS DISCLOSURE
## PERSONNEL ADMINISTRATION OFFICE

Schedule 6(b)

For the Year Ended March 31, 2001

| | 2001 | | | 2000 |
|---|---|---|---|---|
| | Salary [1] | Benefits and Allowances [2] | Total | Total |
| **Senior Official** | | | | |
| Public Service Commissioner [3] | $ 180,368 | $ 5,561 | $ 185,929 | $ 171,699 |
| **Executives** | | | | |
| Executive Director – Human Resource Policy and Consulting | 113,082 | 23,485 | 136,567 | 124,346 |
| Executive Director – Client Relations & Information Management [4] | 97,914 | 17,816 | 115,730 | 110,813 |
| Executive Search Manager | 80,628 | 13,555 | 94,183 | 81,843 |
| Manager – Human Resources and Public Service Commissioner's Office | 65,101 | 10,664 | 75,765 | 68,492 |

Prepared in accordance with Treasury Board Directive 12/98.

The presentation format has changed with prospective application from April 1, 2000. Under the new format the total salary and benefits relating to a position are disclosed. Comparatives have not been restated and show the salary and benefits of the last incumbent at March 31, 2000.

(1) Salary includes regular base pay, bonuses, and lump sum payments.

(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(3) The Public Service Commissioner is provided with an automobile. The value of this benefit is not included in benefits and allowances. Benefits and Allowances include vacation payout of $0 (2000 – $5,276). As of July 1, 1999 salary includes pay in lieu of pension.

(4) This position was occupied by two individuals through the year. The previous incumbent transferred on January 31, 2001.

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## SALARY AND BENEFITS DISCLOSURE
## LABOUR RELATIONS BOARD

**Schedule 6(c)**

For the Year Ended March 31, 2001

| | 2001 | | | 2000 |
|---|---|---|---|---|
| | Salary [1] | Benefits and Allowances [2] | Total | Total |
| **Senior Official** | | | | |
| Chair [3] [4] | $ 162,686 | $ 6,174 | $ 168,861 | $ 93,141 |
| **Executives** | | | | |
| Vice Chair [4] | 115,402 | 4,918 | 120,320 | 71,742 |
| Vice Chair | 107,092 | 23,332 | 130,424 | 117,290 |
| Director of Settlement [5] | 93,196 | 15,326 | 108,522 | 101,247 |
| Director of Administration | 57,022 | 10,228 | 67,250 | 64,936 |
| **Board Members** [6] | 221,543 | – | 221,543 | 274,698 |

Prepared in accordance with Treasury Board Directive 12/98.

The presentation format has changed with prospective application from April 1, 2000. Under the new format the total salary and benefits relating to a position are disclosed. Comparatives have not been restated and show the salary and benefits of the last incumbent at March 31, 2000.

(1) Salary includes regular base pay, bonuses, and lump sum payments.

(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(3) Automobile provided, no dollar amount included in benefits and allowances figures.

(4) Salary includes pay in lieu of benefits.

(5) Benefits and Allowances include vacation payments to the Director of Settlement for $3,143.

(6) Salary is the honoraria paid to Board Members from April 1, 2000 to March 31, 2001.

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
## RELATED PARTY TRANSACTIONS

**Schedule 7**

For the Year Ended March 31, 2001
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses, and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

| | 2001 | 2000 |
|---|---|---|
| Expenses – Directly Incurred | | |
| Other services | $ 2,625 | $ 2,362 |
| Capital Assets Transferred | (2,866) | – |
| | $ (241) | $ 2,362 |

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not included in the financial statements and are disclosed in Schedule 8.

| | 2001 | 2000 |
|---|---|---|
| Expenses – Incurred by Others | | |
| Accommodation | $ 15,445 | $ 15,353 |
| Legal services | 561 | 510 |
| | $ 16,006 | $ 15,863 |

**MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT**
**SCHEDULE TO FINANCIAL STATEMENTS**

Schedule 8

## ALLOCATED COSTS

For the Year Ended March 31, 2001

(in thousands)

| Program | 2001 | | | | | | 2001 Total Expenses | 2000 Total Expenses |
|---|---|---|---|---|---|---|---|---|
| | Directly Incurred Expenses (1) | Expenses – Incurred by Others: Accommodation Costs (2) | Expenses – Incurred by Others: Legal Services (3) | Valuation Adjustments (4): Doubtful Accounts (5) | Valuation Adjustments (4): Vacation Pay (6) | Valuation Adjustments (4): Other (7) | | |
| Ministry Support Services | $ 24,486 | $ 2,162 | $ 171 | $ – | $ (190) | $ – | $ 26,629 | $ 29,907 |
| Income Support to Individuals and Families | 684,021 | 7,768 | 240 | 2,195 | (65) | 797 | 694,956 | 652,035 |
| Training and Employment Support | 264,226 | 3,080 | 5 | – | 203 | – | 267,514 | 277,879 |
| Workplace Services | 15,739 | 1,016 | 50 | (1) | 149 | – | 16,953 | 14,844 |
| Labour Relations Adjudication | 2,105 | 69 | 6 | – | (10) | – | 2,170 | 2,308 |
| Personnel Administration Office | 7,747 | 779 | 23 | – | (55) | – | 8,494 | 7,915 |
| Support for Dependent Adults | 5,419 | 571 | 77 | – | (22) | – | 6,045 | 6,978 |
| | $ 1,003,743 | $ 15,445 | $ 572 | $ 2,194 | $ 10 | $ 797 | $ 1,022,761 | $ 991,866 |

**Notes:**

(1) Expenses as per Statement of Operations excluding valuation adjustments.

(2) Costs shown for Accommodation in Schedule 7 have been allocated as follows:

- Where buildings accommodate staff for one program, costs are allocated to the specific program.
- Where buildings accommodate staff for two programs, costs are allocated equally between programs.
- Buildings which accommodate multi-programs, costs are allocated based on the ratio of staff employed in each program.

(3) Costs shown for Legal Services in Schedule 7 have been allocated based on hours of work performed.

(4) Valuation adjustments as per Statement of Operations.

(5) Provision for doubtful accounts have been allocated based on actual provision relating to the program.

(6) Provision for vacation pay has been allocated based on actual liability recorded.

(7) Other relates to changes in actual expenditures from an accountable advance between current year and new year relating to the specific program.

# Supplementary Ministry Financial Information

# March 31, 2001

**Contents**


- Long Term Disability Income Continuance Fund – Bargaining Unit Financial Statements
- Long Term Disability Income Continuance Fund – Management, Opted Out and Excluded Financial Statements
- Statement of Remissions, Compromises and Write-Offs

# Long Term Disability Income Continuance Plan – Bargaining Unit

# Financial Statements

# March 31, 2001

- Auditor's Report
- Statement of Net Assets Available for Benefits and Accrued Long Term Disability Benefits
- Statement of Changes in Net Assets Available for Benefits
- Notes to the Financial Statements
- Schedule of Investments in Canadian Dollar Public Bond Pool
- Schedule of Investments in External Managers Fund
- Schedule of Investment Returns

AUDITOR GENERAL
*Alberta*

# Auditor's Report

To the Minister Responsible for the Personnel Administration Office

I have audited the statement of net assets available for benefits and accrued long term disability benefits of the Long Term Disability Income Continuance Plan – Bargaining Unit as at March 31, 2001 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued long term disability benefits of the Plan as at March 31, 2001 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine

Peter Valentine, FCA
Auditor General

Edmonton, Alberta
May 23, 2001

## LONG TERM DISABILITY INCOME CONTINUANCE PLAN – BARGAINING UNIT

### STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED LONG TERM DISABILITY BENEFITS

As at March 31, 2001

($ thousands)

| | 2001 | 2000 |
|---|---|---|
| **Net assets available for benefits** | | |
| Assets | | |
| Investments (Note 3) | $ 89,873 | $ 99,492 |
| Accounts receivable | 846 | 147 |
| | 90,719 | 99,639 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 2,266 | 407 |
| **Net assets available for benefits** | 88,453 | 99,232 |
| Accrued long term disability benefits (Note 6) | (101,163) | (96,592) |
| **Actuarial surplus (deficiency) (Note 6)** | $ (12,710) | $ 2,640 |

The accompanying notes and schedules are part of these financial statements.

## LONG TERM DISABILITY INCOME CONTINUANCE PLAN – BARGAINING UNIT

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended March 31, 2001

($ thousands)

| | 2001 | 2000 |
|---|---|---|
| **Increase in assets** | | |
| Contributions: | | |
| Employers | $ 8,149 | $ 7,503 |
| Employees | 8,149 | 7,503 |
| Investment income (Note 7) | – | 17,034 |
| | 16,298 | 32,040 |
| **Decrease in assets** | | |
| Benefits | 17,614 | 16,796 |
| Investment loss (Note 7) | 6,423 | – |
| Adjudication | 1,151 | 867 |
| Severance | 1,061 | 1,550 |
| Rehabilitation | 581 | 427 |
| Administration expenses (Note 8) | 247 | 168 |
| | 27,077 | 19,808 |
| **(Decrease) Increase in net assets for the year** | (10,779) | 12,232 |
| **Net assets available for benefits at beginning of year** | 99,232 | 87,000 |
| **Net assets available for benefits at end of year** | $ 88,453 | $ 99,232 |

The accompanying notes and schedules are part of these financial statements.

# LONG TERM DISABILITY INCOME CONTINUANCE PLAN – BARGAINING UNIT

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2001

### Note 1 Summary Description of the Plan

The following description of the Long Term Disability Income Continuance Plan for bargaining unit employees is a summary only. For a complete description of the Plan, reference should be made to section 21 of the Public Service Act, the Long Term Disability Income Continuance Plan Regulation, section 93 of the Financial Administration Act and Treasury Board Directive 08/98, as amended.

(a) **General**

The Plan provides disability benefits and insures income continuance of eligible Government of Alberta employees included in an Alberta Union of Provincial Employees' (AUPE) bargaining unit. Management and employees opted out and excluded from an AUPE bargaining unit are covered under a separate Plan.

(b) **Funding**

Long term disability benefits are funded equally by employer and employee contributions at rates which are expected to provide for all benefits payable under the Plan. The rates in effect at March 31, 2001 were 1.55% (2000 1.55%) of insurable salary for employers and 1.55% (2000 1.55%) for employees. The rates are to be reviewed at least once every three years by the Public Service Commissioner based on recommendations of the Plan's actuary.

On March 30, 1998, the Government of Alberta provided a one-time contribution of $88,589,000 to the Plan, representing the Plan's accrued long term disability benefits as at December 31, 1997 as determined by the Plan's actuary. Any deficiencies incurred by the Plan are to be funded by increasing employer and employee contributions.

(c) **Long Term Disability Benefits**

Benefits are payable when eligible plan members become disabled for 80 consecutive normal workdays as the result of bodily injury or illness, as determined by the Plan's adjudicator. Plan members are eligible for coverage after completion of three consecutive months of service without absence in a permanent position, or a full year in a temporary position. The Plan provides for benefits equalling to 70% of members' pre-disability salary. The maximum benefit payable is $3,000 per month for each member. Reduced benefits are payable to eligible members who receive compensation from the Workers' Compensation Board or the Crimes Compensation Board, or benefits under the Canada Pension Plan or any other group disability plan, or vacation leave pay or employment income under a rehabilitation program.

No benefit is payable if the disability is the result of injuries suffered from participation in a criminal act or an act of war, or injury or illness which are self-inflicted intentionally. Disabled members who are not under the continuous care of a physician or who are confined in prisons are not eligible for benefits.

Benefits terminate upon the earliest of the date the member resigns or is gainfully employed or is no longer disabled, three months after the adjudicator declares the member is suitable for gainful employment, or the date the member attains age 65 and is eligible for an unreduced public service pension. Benefits also terminate when a member's earnings under a rehabilitation program are the same as his pre-disability salary or after 24 months where the member is in a temporary position.

(d) **Decrease in Net Assets**

Expenses of the Plan include benefits paid out, severance payments for resignation of employment subsequent to disability leave, rehabilitation expenses, adjudication fees and administrative costs. Adjudication fees include services performed by an independent agent in determining the eligibility of claims, the amounts of eligible benefits and the time period applicable for disability.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices

### (a) Basis of Presentation

These financial statements are prepared on the going concern basis in accordance with Canadian generally accepted accounting principles. The statements provide information about the net assets available in the Plan to meet future benefit payments and are prepared to assist Plan members and others in reviewing the activities of the Plan for the year.

Plan investments are held in pooled investment funds administered by Alberta Revenue. Pooled investment funds have a market-based unit value that is used to allocate income to pool participants and to value purchases and sales of pool units.

The Plan's percentage ownership in pooled investment funds at March 31 was as follows:

| | % Ownership | |
|---|---|---|
| | 2001 | 2000 |
| Canadian Dollar Public Bond Pool | 0.37 | 0.44 |
| Canadian Pooled Equities Fund | 0.35 | 0.53 |
| Domestic Passive Equity Pooled Fund | 0.36 | 0.48 |
| External Managers Fund | 0.42 | 0.42 |
| EAFE Structured Equity Pooled Fund | 0.01 | 0.50 |
| Floating Rate Note Pool | 0.01 | 0.04 |
| Private Mortgage Pool | 0.45 | – |
| Private Real Estate Pool | 0.07 | – |
| US Passive Equity Pooled Fund | – | 0.10 |
| US Structured Equity Pooled Fund | – | 0.59 |

### (b) Valuation of Assets and Liabilities

Investments are stated at fair value. The methods used to determine fair value of investments held either by the Plan or by pooled investment funds are explained in the following paragraphs.

Short-term securities, public fixed income securities and equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Private fixed income securities and mortgages are valued based on the net present value of future cash flows. These cash flows are discounted using Government of Canada bond rates adjusted for a risk premium estimated by management.

The fair values of deposits, receivables, accrued investment income and payables are estimated to approximate their book values.

### (c) Income Recognition

Dividends are accrued on the ex-dividend date. Income from other investments is accrued as earned. Gains or losses on investments are recognized concurrently with changes in fair value.

### (d) Foreign Exchange

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. At year-end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Exchange differences are included in the determination of investment income.

**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

(e) **Valuation of Derivative Contracts**

Derivative contracts (see Note 3) include equity and bond index swaps, interest rate swaps, forward foreign exchange contracts, equity index futures contracts and cross-currency interest rate swaps. The value of derivative contracts is included in the fair value of pooled investment funds. The estimated amount receivable or payable from derivative contracts at the reporting date is determined by the following methods.

- Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest.
- Interest rate swaps are valued based on discounted cash flows using current market yields.
- Forward foreign exchange contracts and equity index futures contracts are based on quoted market prices.
- The value of cross-currency interest rate swaps is included with the value of the underlying security. Cross-currency fixed to fixed interest rate swaps are valued at quoted prices based on discounted cash flows using current market yields. Cross-currency fixed to floating interest rate swaps are valued at the principal amount plus accrued interest.
- Income and expense from derivative contracts are accrued as earned and included in investment income. Gains and losses on forward foreign exchange contracts are recognized concurrently with changes in fair value.

**Note 3 Investments (Schedules 1 to 2)**

Investments are summarized as follows:

| | 2001 | | 2000 | |
|---|---|---|---|---|
| | ($ thousands) | % | ($ thousands) | % |
| **Deposit in the Consolidated Cash Investment Trust Fund (a)** | $ 813 | 0.9 | $ (289) | (0.3) |
| **Fixed Income Securities** | | | | |
| Canadian Dollar Public Bond Pool (Schedule 1) | 30,997 | 34.5 | 39,883 | 40.1 |
| Private Mortgage Pool (b) | 3,981 | 4.4 | 1,049 | 1.1 |
| Floating Rate Note Pool (c) | 109 | 0.1 | – | – |
| Total deposits and fixed income securities | 35,900 | 39.9 | 40,643 | 40.9 |
| **Canadian Equities** | | | | |
| Canadian Pooled Equities Fund (d) | 7,578 | 8.4 | 13,240 | 13.3 |
| Domestic Passive Equity Pooled Fund (e) | 7,266 | 8.1 | 11,648 | 11.7 |
| External Managers Fund (Canadian) (Schedule 2) | 3,390 | 3.8 | 7,092 | 7.1 |
| **Foreign Equities** | | | | |
| External Managers Fund (International) (Schedule 2) | 17,730 | 19.8 | 9,688 | 9.7 |
| External Managers Fund (United States) (Schedule 2) | 16,994 | 18.9 | 11,167 | 11.2 |
| EAFE Structured Equity Pooled Fund | 20 | – | 4,260 | 4.3 |
| US Passive Equity Pooled Fund | – | – | 949 | 1.0 |
| US Structured Equity Pooled Fund | – | – | 805 | 0.8 |
| **Equities in Real Estate** | | | | |
| Private Real Estate Pool (f) | 995 | 1.1 | – | – |
| Total equities | 53,973 | 60.1 | 58,849 | 59.1 |
| **Total Investments** | $ 89,873 | 100.0 | $ 99,492 | 100.0 |

**Note 3 Investments (Schedules 1 to 2) (continued)**

(a) The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years.

(b) The Private Mortgage Pool is managed with the objective of providing investment returns higher than the Scotia Capital Universe Bond Index over the long term. The portfolio is comprised primarily of high-quality commercial mortgage loans and provincial bond residuals. In order to reduce risk, the pool only invests in loans insured by a federal agency and first-mortgage loans that provide diversification by property usage. As at March 31, 2001, mortgages held by the pool have an average effective market yield of 7.14% per annum and the following term structure based on principal amount.

Under 1 year: 10%; 1 to 5 years: 25%; 5 to 10 years: 22%; 10 to 20 years: 25%; and over 20 years: 18%.

(c) The Floating Rate Note Pool is managed with the objective of generating floating rate cash flows needed for the swap obligations of participants with structured investments. Through the use of interest rate swaps, the pool provides investment opportunities in high quality floating rate instruments with remaining term to maturity of ten years or less.

(d) The Canadian Pooled Equities Fund is managed with the objective of providing returns higher than the total return of the Toronto Stock Exchange 300 Index over a four-year period while maintaining preservation of participants' capital. The portfolio is comprised of publicly traded equities in Canadian corporations. Risk is reduced by prudent security selection and sector rotation.

(e) The Domestic Passive Equity Pooled Fund is managed on a passive approach with the objective of providing investment returns comparable to the Toronto Stock Exchange (TSE) 300 Index. The portfolio is comprised of publicly traded Canadian equities and structured investments replicating the TSE 300.

(f) The Private Real Estate Pool is managed with the objective of providing investment returns comparable to the Russell Canadian Property Index over the long term. Real estate is held through intermediate companies, which have issued to the pool common shares and participating debentures secured by a charge on real estate. Risk is reduced by investing in properties that provide diversification by geographic location, by property type and by tenancy. As real estate returns are positively correlated to inflation and negatively correlated to returns from fixed income securities and equities, the pool provides diversification from the securities market.

**Note 4 Investment Risk Management**

Fair values of investments are exposed to credit risk and price risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign exchange rates. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

Actuarial liabilities of the Plan are primarily affected by the long-term real rate of return on investments. In order to earn the best possible return at an acceptable level of risk, the Public Service Commissioner has established a policy asset mix of 40% fixed income instruments and 60% equities. Investment risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments and restrictions on amounts exposed to countries designated as emerging markets. Controls are in place respecting the use of derivatives (see Note 5). Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency (see Note 5).

**Note 5 Derivative Contracts**

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. The Plan uses derivative contracts held indirectly through pooled investment funds to enhance return, manage exposure to interest and foreign currency risks, and for asset mix management purposes. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows.

## Note 5 Derivative Contracts (continued)

A swap is a contractual agreement between two counter-parties to exchange a series of cash flows based on a notional amount. An equity or bond index swap involves the exchange of a floating interest rate cash flow for one based on the performance of a market index. For interest rate swaps, parties generally exchange fixed and floating rate interest cash flows based on a notional amount. Cross-currency interest rate swaps are contractual obligations in which the principal amounts of Canadian fixed-income securities denominated in foreign currency are exchanged for Canadian currency amounts both initially and at maturity. Over the term of the cross-currency swap, counter-parties exchange fixed to fixed and fixed to floating interest rate cash flows in the swapped currencies. There are underlying securities supporting all swaps. Leveraging is not allowed.

Foreign exchange contracts are agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Stock futures contracts are agreements to receive or pay cash on an agreed settlement date based on changes in the level of a specified stock index in the future.

The following is a summary of the Plan's proportionate share of the notional amount and fair value of derivative contracts held by pooled funds at March 31, 2001.

| | 2001 | | 2000 | |
|---|---|---|---|---|
| | Notional Amount | Fair Value (a) | Notional Amount | Fair Value (a) |
| | ($ thousands) | | | |
| Equity index swap contracts | $ 3,628 | $ (350) | $ 11,694 | $ 692 |
| Bond index swap contracts | 1,986 | (10) | 5,046 | 58 |
| Interest rate swap contracts | 1,326 | (50) | 3,290 | (58) |
| Forward foreign exchange contracts | 2,589 | (6) | 1,373 | (6) |
| Equity index futures contracts | 13 | – | 14 | 2 |
| | 9,542 | $ (416) | 21,417 | $ 688 |
| Cross-currency interest rate swap contracts (b) | 4,294 | | 9,451 | |
| | $ 13,836 | | $ 30,868 | |

(a) The method of determining fair value of derivative contracts is described in Note 2 (e).

(b) Cross-currency interest rate swaps are valued as a package, which include underlying securities. As at March 31, 2001, the combined value of cross-currency interest rate swaps and underlying securities amounted to $4,327,000 (2000 $9,473,000).

All derivative contracts mature within one year except for bond index swaps, cross-currency swaps and interest rate swaps with a notional amount of $2,415,000 that mature between one and three years and $2,557,000 that mature over three years.

## Note 6 Accrued Long Term Disability Benefits

### (a) Actuarial Valuation

An actuarial valuation of the Plan was carried out as at March 31, 2001 by Johnson Incorporated. The March 31, 2001 valuation resulted in an actuarial deficiency of $12.7 million as disclosed in the statement of net assets available for benefits and accrued long term disability benefits.

## Note 6 Accrued Long Term Disability Benefits (continued)

### (a) Actuarial Valuation (continued)

The accrued long term disability benefits as at March 31, 2001 were determined using the projected benefit method based on estimates of the Plan's Disabled Life Reserve and the Incurred But Unreported Reserve. The assumptions used in the valuation were developed as the best estimates of expected short and long term market conditions and other future events. These estimates were, after consultation with the Plan's actuary, adopted by the Public Service Commissioner. The major assumptions used were:

| | 2001 Valuation | 2000 Valuation |
|---|---|---|
| | % | |
| **Interest discount rate** | 7.5 | 7.5 |
| **Continuance rates** | | |
| Based on 1984 Commissioner's Group Disability Table | Modified* | Modified* |
| **Incurred but unreported reserve factor** | | |
| As percentage of premiums | 37 | 37 |

* The rates have been modified by both age and duration to reflect adjudication practices respecting disability definition specific to this plan.

The Disabled Life Reserve is an estimate of the value of future payments to be made over the life of incurred claims, discounted to a current value using a rate of 7.5%.

The Incurred But Unreported Reserve is an estimate of the value of the financial impact of claims that are either unreported or not approved at the fiscal year end, but which will ultimately be accepted for benefits. Based on a review of historical reserves, the actuary determined a reserve factor of 37% of premiums was appropriate for estimating the reserve amount.

The following statement shows the principal components of the change in the value of accrued long term disability benefits.

| | 2001 | 2000 |
|---|---|---|
| | ($ thousands) | |
| **Accrued long term disability benefits at beginning of year** | $ 96,592 | $ 87,674 |
| Interest accrued on benefits | 7,245 | 7,452 |
| Change in actuarial assumption of interest discount rate | – | 4,436 |
| Change in actuarial assumption of incurred but unreported reserve factor | – | 1,050 |
| Net experience gains | (297) | (680) |
| Contributions received | 16,298 | 15,006 |
| Benefits paid | (18,675) | (18,346) |
| **Accrued long term disability benefits at end of year** | $ 101,163 | $ 96,592 |

**Note 6 Accrued Long Term Disability Benefits (continued)**

(b) **Sensitivity of Changes in Major Assumptions**

The Plan's future experience will inevitably differ, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and will affect the financial position of the Plan.

As at March 31, 2001, holding the continuance rates and incurred but unreported reserve factor constant, a 1% decrease in the assumed interest discount rate would result in the actuarial deficiency of the Plan increasing by $5.1 million.

**Note 7 Investment Income (Loss)**

The following is a summary of the Plan's proportionate share of investment income (loss) from pooled funds and directly held investments.

| | 2001 | 2000 |
|---|---|---|
| | ($ thousands) | |
| **Deposits and Fixed Income Securities** | | |
| Deposit in the Consolidated Cash Investment Trust Fund | $ 121 | $ 104 |
| Canadian Dollar Public Bond Pool | 3,547 | 568 |
| Private Mortgage Pool | 45 | – |
| Floating Rate Note Pool | 31 | 14 |
| | 3,744 | 686 |
| **Equities** | | |
| Canadian Equities | | |
| Canadian Pooled Equities Fund | (2,209) | 4,737 |
| Domestic Passive Equity Pooled Fund | (1,769) | 4,151 |
| External Managers Fund (Canadian) | 209 | 1,588 |
| Foreign Equities | | |
| External Managers Fund (International) | (3,686) | 2,694 |
| External Managers Fund (United States) | (2,247) | 995 |
| EAFE Structured Equity Pooled Fund | (461) | 1,318 |
| US Passive Equity Pooled Fund | 28 | 79 |
| US Structured Equity Pooled Fund | (46) | 168 |
| Global Structured Equity Pooled Fund | – | 618 |
| Real Estate Equities | | |
| Private Real Estate Pool | 14 | – |
| | (10,167) | 16,348 |
| | $ (6,423) | $ 17,034 |

**Note 7 Investment Income (Loss) (continued)**

Investment income (loss) is comprised of the following:

| | 2001 | 2000 |
|---|---|---|
| | ($ thousands) | |
| Net realized and unrealized (losses) gains on investments | $ (8,827) | $ 10,296 |
| Interest income | 3,035 | 3,099 |
| Derivative income (expense) | (1,111) | 3,142 |
| Dividend income | 547 | 571 |
| Real Estate income | 12 | – |
| Securities lending income | 12 | 8 |
| Pooled funds management and associated custodial fees | (91) | (82) |
| | $ (6,423) | $ 17,034 |

**Note 8 Administration Expenses**

| | 2001 | 2000 |
|---|---|---|
| | ($ thousands) | |
| General administration costs | $ 109 | $ 99 |
| Investment management fees and other services | 140 | 72 |
| Bad debt recoveries | (2) | (3) |
| | $ 247 | $ 168 |

Investment management costs were paid to Alberta Treasury and do not include custodial and pooled fund management fees, which have been deducted in arriving at investment income.

Accommodation and certain administration costs, including salaries, benefits and telecommunication services incurred on behalf of the Plan by the Government of Alberta have not been included in the Plan's expenses. These costs are recorded by the Government of Alberta and are not recovered from the Plan.

**Note 9 Budget Information**

The accrued long-term disability benefits are based on the Public Service Commissioner's best estimates of future events after consultation with the Plan's actuary. Differences between actual results and the Commissioner's expectations are disclosed in Note 6 as experience gains and losses in the table of changes in the value of accrued long term disability benefits. Accordingly, a budget is not included in these financial statements.

**Note 10 Contingent Liabilities**

As at March 31, 2001, the Province was named as defendant in three (2000 three) legal actions relating to long term disability benefits claims. The total claimed in these specific legal actions amounted to approximately $671,000 (2000 $650,000). The resulting loss, if any, from these claims and other potential claims cannot be determined.

**Note 11 Approval of Financial Statements**

These financial statements were prepared by management and approved by the Public Service Commissioner.

# LONG TERM DISABILITY INCOME CONTINUANCE PLAN – BARGAINING UNIT

## SCHEDULE OF INVESTMENTS IN CANADIAN DOLLAR PUBLIC BOND POOL (a) (b)

March 31, 2001

($ thousands)

| | Plan's Share | |
|---|---|---|
| | 2001 | 2000 |
| **Deposit in the Consolidated Cash Investment Trust Fund** | $ 641 | $ 743 |
| **Public Fixed Income Securities** | | |
| Government of Canada, direct and guaranteed | 7,614 | 10,648 |
| Provincial: | | |
| Alberta, direct and guaranteed | 111 | 157 |
| Other, direct and guaranteed | 6,982 | 6,096 |
| Municipal | 459 | 331 |
| Corporate | 10,965 | 16,913 |
| **Private Fixed Income Securities** | | |
| Corporate | 4,048 | 4,667 |
| Total deposit and fixed income securities | 30,820 | 39,555 |
| **Receivable from sale of investments and accrued investment income** | 555 | 1,370 |
| **Liabilities for investment purchases** | (378) | (1,042) |
| | 177 | 328 |
| | $ 30,997 | $ 39,883 |

(a) The Canadian Dollar Public Bond Pool is managed with the objective of providing competitive returns comparable to the total return of the Scotia Capital Universe Bond Index over a four-year period while maintaining adequate security and liquidity of participants' capital. The portfolio is comprised of high quality Canadian fixed income instruments and bond-related derivatives. Competitive returns are achieved through management of the portfolio duration and sector rotation.

(b) Fixed income securities held as at March 31, 2001 had an average effective market yield of 5.75% per annum (2000 6.39% per annum). The following term structure of these securities as at March 31, 2001 is based on principal amount.

| | 2001 | 2000 |
|---|---|---|
| | % | |
| under 1 year | 5 | 9 |
| 1 to 5 years | 36 | 35 |
| 5 to 10 years | 29 | 29 |
| 10 to 20 years | 15 | 15 |
| over 20 years | 15 | 12 |
| | 100 | 100 |

# LONG TERM DISABILITY INCOME CONTINUANCE PLAN – BARGAINING UNIT

## SCHEDULE OF INVESTMENTS IN EXTERNAL MANAGERS FUND (a) (b)

March 31, 2001

($ thousands)

| | Plan's Share | |
|---|---|---|
| | 2001 | 2000 |
| **Foreign Public Equity Pools** | | |
| Multi Region | $ 9,772 | $ 2,992 |
| Europe | 5,664 | 3,387 |
| Pacific Basin | 2,294 | 2,873 |
| Emerging markets | – | 436 |
| | 17,730 | 9,688 |
| United States | 16,994 | 11,167 |
| **Canadian Public Equity Pools** | | |
| Large Cap | 2,054 | 3,512 |
| Small Cap | 1,336 | 3,580 |
| | 3,390 | 7,092 |
| | $ 38,114 | $ 27,947 |

(a) The External Managers Fund is comprised of numerous portfolios of publicly traded equities, which are managed by numerous external managers with expertise in global and Canadian equity markets. The objective of the fund is to provide investment returns higher than the total return of the applicable Morgan Stanley Capital International, Standard & Poor and Toronto Stock Exchange indices over a four-year period. Risk is managed by means of manager, style and market diversification.

(b) The following is a summary of the Plan's share of assets and liabilities of the External Managers Fund as at March 31, 2001:

| | 2001 | 2000 |
|---|---|---|
| | ($ thousands) | |
| **Cash and short-term securities** | $ 469 | $ 565 |
| **Receivables from sale of investments and accrued investment income** | 959 | 240 |
| **Investments** | | |
| Public equities | 37,113 | 27,413 |
| Convertible bonds | 4 | 5 |
| **Liability for investment purchases** | (431) | (276) |
| | $ 38,114 | $ 27,947 |

# LONG TERM DISABILITY INCOME CONTINUANCE PLAN – BARGAINING UNIT

## SCHEDULE OF INVESTMENT RETURNS

Year ended March 31, 2001

The Plan uses the time-weighted rate of return based on market values to measure performance. The measure involves the calculation of the return realized by the Plan over a specified period and is a measure of the total proceeds received from an investment dollar initially invested. Total proceeds include cash distributions (interest and dividend payments) and capital gains or losses (realized and unrealized).

The time-weighted rate of return measures the compounded rate of growth of the initial investment over the specified period. It is designed to eliminate the effect that the size and timing of cash flows have on the internal rate of return. The investment industry uses time-weighted rates of return calculated using market values when comparing the returns of funds with other funds or indices.

Investment returns for the Plan for the one- and two-year periods ended March 31, 2001 are as follows:

| | Year Ended March 31, | | 2 Year Compound Annualized Return |
|---|---|---|---|
| | 2001 | 2000 | |
| **Time-weighted rates of return** | | | |
| Short-term fixed income | 5.9 | 5.7 | 5.8 |
| *Scotia Capital 91-Day T-Bill Index* | 5.7 | 4.7 | 5.2 |
| Long-term fixed income | 9.5 | 1.3 | 5.3 |
| *Scotia Capital Universe Bond Index* | 8.7 | 1.3 | 4.9 |
| Canadian equity | (16.2) | 40.2 | 8.4 |
| *Toronto Stock Exchange 300 Index* | (18.6) | 45.5 | 8.8 |
| Foreign equity | (19.4) | 27.6 | 1.4 |
| *50% S & P 500 and 50% MSCI EAFE Index* | (18.4) | 17.0 | (2.3) |
| **Overall** | (6.6) | 19.8 | 5.8 |
| ***Policy Benchmark*** | (6.3) | 17.6 | 5.0 |

# Long Term Disability Income Continuance Plan – Management, Opted Out and Excluded

# Financial Statements

# March 31, 2001

- Auditor's Report
- Statement of Net Assets Available for Benefits and Accrued Long Term Disability Benefits
- Statement of Changes in Net Assets Available for Benefits
- Notes to the Financial Statements
- Schedule of Investments in Canadian Dollar Public Bond Pool
- Schedule of Investments in External Managers Fund
- Schedule of Investment Returns

AUDITOR GENERAL
*Alberta*

## Auditor's Report

To the Minister Responsible for the Personnel Administration Office

I have audited the statement of net assets available for benefits and accrued long term disability benefits of the Long Term Disability Income Continuance Plan – Management, Opted Out and Excluded as at March 31, 2001 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued long term disability benefits of the Plan as at March 31, 2001 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine

Peter Valentine, FCA
Auditor General

Edmonton, Alberta
May 23, 2001

## LONG TERM DISABILITY INCOME CONTINUANCE PLAN – MANAGEMENT, OPTED OUT AND EXCLUDED

### STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED LONG TERM DISABILITY BENEFITS

As at March 31, 2001

($ thousands)

| | 2001 | 2000 |
|---|---|---|
| **Net assets available for benefits** | | |
| Assets | | |
| Investments (Note 3) | $ 15,070 | $ 16,370 |
| Accounts receivable | 150 | 31 |
| | 15,220 | 16,401 |
| Liabilities | | |
| Accounts payable and accrued liabilities | 275 | 90 |
| **Net assets available for benefits** | 14,945 | 16,311 |
| Accrued long term disability benefits (Note 6) | (19,528) | (17,111) |
| **Actuarial deficiency (Note 6)** | $ (4,583) | $ (800) |

The accompanying notes and schedules are part of these financial statements.

## LONG TERM DISABILITY INCOME CONTINUANCE PLAN – MANAGEMENT, OPTED OUT AND EXCLUDED

### STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended March 31, 2001

($ thousands)

| | 2001 | 2000 |
|---|---|---|
| **Increase in assets** | | |
| Employer contributions | $ 3,841 | $ 2,902 |
| Investment income (Note 7) | – | 2,628 |
| | 3,841 | 5,530 |
| **Decrease in assets** | | |
| Benefits | 3,490 | 3,088 |
| Investment loss (Note 7) | 1,082 | – |
| Severance | 518 | – |
| Adjudication | 74 | 80 |
| Rehabilitation | 21 | 14 |
| Administration expenses (Note 8) | 22 | 58 |
| | 5,207 | 3,240 |
| **(Decrease) Increase in net assets for the year** | (1,366) | 2,290 |
| **Net assets available for benefits at beginning of year** | 16,311 | 14,021 |
| **Net assets available for benefits at end of year** | $ 14,945 | $ 16,311 |

The accompanying notes and schedules are part of these financial statements.

# LONG TERM DISABILITY INCOME CONTINUANCE PLAN – MANAGEMENT, OPTED OUT AND EXCLUDED

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2001

### Note 1 Summary Description of the Plan

The following description of the Long Term Disability Income Continuance Plan for management, opted out and excluded employees is a summary only. For a complete description of the Plan, reference should be made to section 21 of the Public Service Act, the Long Term Disability Income Continuance Plan Regulation, the Long Term Disability Benefits Regulation (Legislative Assembly Act), section 93 of the Financial Administration Act and Treasury Board Directive 09/98, as amended.

(a) **General**

The Plan provides disability benefits and insures income continuance of eligible Government of Alberta management, opted out and excluded employees, members of the Legislative Assembly and Provincial Judges. Employees included in an Alberta Union of Provincial Employees' bargaining unit are covered under a separate Plan.

(b) **Funding**

Long term disability benefits are funded by employer and Government contributions at a rate which is expected to provide for all benefits payable under the Plan. The rate in effect at March 31, 2001 was 1.4% (2000 1.1%) of insurable salary for employer and Government. The rate is to be reviewed at least once every three years by the Public Service Commissioner based on recommendations of the Plan's actuary.

On March 30, 1998, the Government of Alberta provided a one-time contribution of $13,698,000 to the Plan, representing the Plan's accrued long term disability benefits as at December 31, 1997 as determined by the Plan's actuary. Any deficiencies incurred by the Plan are to be funded by increasing employer contributions.

(c) **Long Term Disability Benefits**

Benefits are payable when eligible plan members become disabled for 80 consecutive normal workdays as the result of bodily injury or illness, as determined by the Plan's adjudicator. Plan members are eligible for coverage after completion of three consecutive months of service without absence in a permanent position, or a full year in a temporary position. The Plan provides for benefits equalling to 70% of members' pre-disability salary, subject to maximum limits as determined for each member group. Reduced benefits are payable to eligible members who receive compensation from the Workers' Compensation Board or the Crimes Compensation Board, or benefits under the Canada Pension Plan or any other group disability plan, or vacation leave pay or employment income under a rehabilitation program.

No benefit is payable if the disability is the result of injuries suffered from participation in a criminal act or an act of war, or injury or illness which are self-inflicted intentionally. Disabled members who are not under the continuous care of a physician or who are confined in prisons are not eligible for benefits.

Benefits terminate upon the earliest of the date the member resigns or is gainfully employed or is no longer disabled, three months after the adjudicator declares the member is suitable for gainful employment, or the date the member attains age 65 and is eligible for an unreduced public service pension. Benefits also terminate when a member's earnings under a rehabilitation program are the same as his pre-disability salary or after 24 months where the member is in a temporary position.

(d) **Decrease in Net Assets**

Expenses of the Plan include benefits paid out, severance payments for resignation of employment subsequent to disability leave, rehabilitation expenses, adjudication fees and administrative costs. Adjudication fees include services performed by an independent agent in determining the eligibility of claims, the amounts of eligible benefits and the time period applicable for disability.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices

### (a) Basis of Presentation

These financial statements are prepared on the going concern basis in accordance with Canadian generally accepted accounting principles. The statements provide information about the net assets available in the Plan to meet future benefit payments and are prepared to assist Plan members and others in reviewing the activities of the Plan for the year.

Plan investments are held in pooled investment funds administered by Alberta Revenue. Pooled investment funds have a market-based unit value that is used to allocate income to pool participants and to value purchases and sales of pool units.

The Plan's percentage ownership in pooled investment funds at March 31 was as follows:

| | % Ownership | |
|---|---|---|
| | 2001 | 2000 |
| Canadian Dollar Public Bond Pool | 0.06 | 0.07 |
| Canadian Pooled Equities Fund | 0.06 | 0.08 |
| Domestic Passive Equity Pooled Fund | 0.06 | 0.08 |
| External Managers Fund | 0.07 | 0.07 |
| EAFE Structured Equity Pooled Fund | 0.001 | 0.08 |
| Floating Rate Note Pool | 0.001 | 0.01 |
| Private Mortgage Pool | 0.07 | – |
| Private Real Estate Pool | 0.01 | – |
| US Passive Equity Pooled Fund | – | 0.02 |
| US Structured Equity Pooled Fund | – | 0.11 |

### (b) Valuation of Assets and Liabilities

Investments are stated at fair value. The methods used to determine fair value of investments held either by the Plan or by pooled investment funds are explained in the following paragraphs.

Short-term securities, public fixed income securities and equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Private fixed income securities and mortgages are valued based on the net present value of future cash flows. These cash flows are discounted using Government of Canada bond rates adjusted for a risk premium estimated by management.

The fair values of deposits, receivables, accrued investment income and payables are estimated to approximate their book values.

### (c) Income Recognition

Dividends are accrued on the ex-dividend date. Income from other investments is accrued as earned. Gains or losses on investments are recognized concurrently with changes in fair value.

### (d) Foreign Exchange

Foreign currency transactions are translated into Canadian dollars using average rates of exchange except for hedged foreign currency transactions, which are translated at rates of exchange established by the terms of the forward exchange contracts. At the year-end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Exchange differences are included in the determination of investment income.

**Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)**

(e) **Valuation of Derivative Contracts**

Derivative contracts (see Note 5) include equity and bond index swaps, interest rate swaps, forward foreign exchange contracts, equity index futures contracts and cross-currency interest rate swaps. The value of derivative contracts is included in the fair value of pooled investment funds. The estimated amount receivable or payable from derivative contracts at the reporting date is determined by the following methods.

- Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest.
- Interest rate swaps are valued based on discounted cash flows using current market yields.
- Forward foreign exchange contracts and equity index futures contracts are based on quoted market prices.
- The value of cross-currency interest rate swaps is included with the value of the underlying security. Cross-currency fixed to fixed interest rate swaps are valued at quoted prices based on discounted cash flows using current market yields. Cross-currency fixed to floating interest rate swaps are valued at the principal amount plus accrued interest.
- Income and expense from derivative contracts are accrued as earned and included in investment income. Gains and losses on forward foreign exchange contracts are recognized concurrently with changes in fair value.

**Note 3 Investments (Schedules 1 to 2)**

Investments are summarized as follows:

| | 2001 | | 2000 | |
|---|---|---|---|---|
| | ($ thousands) | % | ($ thousands) | % |
| **Deposit in the Consolidated Cash Investment Trust Fund (a)** | $ 292 | 1.9 | $ (5) | – |
| **Fixed Income Securities** | | | | |
| Canadian Dollar Public Bond Pool (Schedule 1) | 5,195 | 34.5 | 6,528 | 39.9 |
| Private Mortgage Pool (b) | 668 | 4.4 | – | – |
| Floating Rate Note Pool (c) | 27 | 0.2 | 175 | 1.1 |
| Total deposits and fixed income securities | 6,182 | 41.0 | 6,698 | 41.0 |
| **Canadian Equities** | | | | |
| Canadian Pooled Equities Fund (d) | 1,305 | 8.7 | 2,087 | 12.7 |
| Domestic Passive Equity Pooled Fund (e) | 1,212 | 8.0 | 1,963 | 12.0 |
| External Managers Fund (Canadian) (Schedule 2) | 453 | 3.0 | 1,177 | 7.2 |
| **Foreign Equities** | | | | |
| External Managers Fund (International) (Schedule 2) | 2,922 | 19.4 | 1,586 | 9.7 |
| External Managers Fund (United States) (Schedule 2) | 2,810 | 18.7 | 1,821 | 11.1 |
| EAFE Structured Equity Pooled Fund | 3 | – | 724 | 4.4 |
| US Passive Equity Pooled Fund | – | – | 170 | 1.0 |
| US Structured Equity Pooled Fund | – | – | 144 | 0.9 |
| **Equities in Real Estate** | | | | |
| Private Real Estate Pool (f) | 183 | 1.2 | – | – |
| Total equities | 8,888 | 59.0 | 9,672 | 59.0 |
| **Total Investments** | $ 15,070 | 100.0 | $ 16,370 | 100.0 |

**Note 3 Investments (Schedules 1 to 2) (continued)**

(a) The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years.

(b) The Private Mortgage Pool is managed with the objective of providing investment returns higher than the Scotia Capital Universe Bond Index over the long term. The portfolio is comprised primarily of high-quality commercial mortgage loans and provincial bond residuals. In order to reduce risk, the pool only invests in loans insured by a federal agency and first-mortgage loans that provide diversification by property usage. As at March 31, 2001, mortgages held by the pool have an average effective market yield of 7.14% per annum and the following term structure based on principal amount.

Under 1 year: 10%; 1 to 5 years: 25%; 5 to 10 years: 22%; 10 to 20 years: 25%; and over 20 years: 18%.

(c) The Floating Rate Note Pool is managed with the objective of generating floating rate cash flows needed for the swap obligations of participants with structured investments. Through the use of interest rate swaps, the pool provides investment opportunities in high quality floating rate instruments with remaining term to maturity of ten years or less.

(d) The Canadian Pooled Equities Fund is managed with the objective of providing returns higher than the total return of the Toronto Stock Exchange 300 Index over a four-year period while maintaining preservation of participants' capital. The portfolio is comprised of publicly traded equities in Canadian corporations. Risk is reduced by prudent security selection and sector rotation.

(e) The Domestic Passive Equity Pooled Fund is managed on a passive approach with the objective of providing investment returns comparable to the Toronto Stock Exchange (TSE) 300 Index. The portfolio is comprised of publicly traded Canadian equities and structured investments replicating the TSE 300.

(f) The Private Real Estate Pool is managed with the objective of providing investment returns comparable to the Russell Canadian Property Index over the long term. Real estate is held through intermediate companies, which have issued to the pool common shares and participating debentures secured by a charge on real estate. Risk is reduced by investing in properties that provide diversification by geographic location, by property type and by tenancy. As real estate returns are positively correlated to inflation and negatively correlated to returns from fixed income securities and equities, the pool provides diversification from the securities market.

**Note 4 Investment Risk Management**

Fair values of investments are exposed to credit risk and price risk. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Price risk is comprised of currency risk, interest rate risk and market risk. Currency risk relates to the possibility that the investments will change in value due to future fluctuations in foreign exchange rates. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

Actuarial liabilities of the Plan are primarily affected by the long term real rate of return on investments. In order to earn the best possible return at an acceptable level of risk, the Public Service Commissioner has established a policy asset mix of 40% fixed income instruments and 60% equities. Investment risk is reduced through asset class diversification, diversification within each asset class, quality constraints on fixed income instruments and restrictions on amounts exposed to countries designated as emerging markets. Controls are in place respecting the use of derivatives (see Note 5). Forward foreign exchange contracts are used to manage currency exposure in connection with securities purchased in foreign currency (see Note 5).

**Note 5 Derivative Contracts**

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. The Plan uses derivative contracts held indirectly through pooled investment funds to enhance return, manage exposure to interest and foreign currency risks, and for asset mix management purposes. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows.

## Note 5 Derivative Contracts (continued)

A swap is a contractual agreement between two counter-parties to exchange a series of cash flows based on a notional amount. An equity or bond index swap involves the exchange of a floating interest rate cash flow for one based on the performance of a market index. For interest rate swaps, parties generally exchange fixed and floating rate interest cash flows based on a notional amount. Cross-currency interest rate swaps are contractual obligations in which the principal amounts of Canadian fixed-income securities denominated in foreign currency are exchanged for Canadian currency amounts both initially and at maturity. Over the term of the cross-currency swap, counter-parties exchange fixed to fixed and fixed to floating interest rate cash flows in the swapped currencies. There are underlying securities supporting all swaps. Leveraging is not allowed.

Foreign exchange contracts are agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Stock futures contracts are agreements to receive or pay cash on an agreed settlement date based on changes in the level of a specified stock index in the future.

The following is a summary of the Plan's proportionate share of the notional amount and fair value of derivative contracts held by pooled funds at March 31, 2001.

| | 2001 | | 2000 | |
|---|---|---|---|---|
| | Notional Amount | Fair Value (a) | Notional Amount | Fair Value (a) |
| | ($ thousands) | | | |
| Equity index swap contracts | $ 605 | $ (58) | $ 1,996 | $ 118 |
| Bond index swap contracts | 333 | (2) | 826 | 10 |
| Interest rate swap contracts | 223 | (8) | 554 | (10) |
| Forward foreign exchange contracts | 419 | (1) | 214 | (1) |
| Equity index futures contracts | 2 | – | 2 | – |
| | 1,582 | $ (69) | 3,592 | $ 117 |
| Cross-currency interest rate swap contracts (b) | 722 | | 1,578 | |
| | $ 2,304 | | $ 5,170 | |

(a) The method of determining fair value of derivative contracts is described in Note 2 (e).

(b) Cross-currency interest rate swaps are valued as a package, which include underlying securities. As at March 31, 2001, the combined value of cross-currency interest rate swaps and underlying securities amounted to $728,000 (2000 $1,582,000).

All derivative contracts mature within one year except for bond index swaps, cross-currency swaps and interest rate swaps with a notional amount of $407,000 that mature between one and three years and $429,000 that mature over three years.

## Note 6 Accrued Long Term Disability Benefits

### (a) Actuarial Valuation

An actuarial valuation of the Plan was carried out as at March 31, 2001 by Johnson Incorporated. The March 31, 2001 valuation resulted in an actuarial deficiency of $4.6 million as disclosed in the statement of net assets available for benefits and accrued long term disability benefits.

**Note 6 Accrued Long Term Disability Benefits (continued)**

**(a) Actuarial Valuation (continued)**

The accrued long term disability benefits as at March 31, 2001 was determined using the projected benefit method based on estimates of the Plan's Disabled Life Reserve and the Incurred But Unreported Reserve. The assumptions used in the valuation were developed as the best estimate of expected short and long term market conditions and other future events. These estimates were, after consultation with the Plan's actuary, adopted by the Public Service Commissioner. The major assumptions used were:

| | 2001 Valuation | 2000 Valuation |
|---|---|---|
| | % | |
| **Interest discount rate** | 7.5 | 7.5 |
| **Continuance rates** | | |
| Based on 1984 Commissioner's Group Disability Table | Modified* | Modified* |
| **Incurred but unreported reserve factor** | | |
| As percentage of premiums | 40 | 32 |

* The rates have been modified by both age and duration to reflect adjudication practices respecting disability definition specific to this plan.

The Disabled Life Reserve is an estimate of the value of future payments to be made over the life of incurred claims, discounted to a current value using a rate of 7.5%.

The Incurred But Unreported Reserve is an estimate of the value of the financial impact of claims that are either unreported or not approved at the fiscal year end, but which will ultimately be accepted for benefits. Based on a review of historical reserves, the actuary determined a reserve factor of 40% of premiums was appropriate for estimating the reserve amount.

The following statement shows the principal components of the change in the value of accrued long term disability benefits.

| | 2001 | 2000 |
|---|---|---|
| | ($ thousands) | |
| **Accrued long term disability benefits at beginning of year** | $ 17,111 | $ 14,294 |
| Interest accrued on benefits | 1,283 | 1,215 |
| Change in actuarial assumption of interest discount rate | – | 678 |
| Change in actuarial assumption of incurred but unreported reserve factor | 330 | 58 |
| Net experience losses | 971 | 1,052 |
| Contributions received | 3,841 | 2,902 |
| Benefits paid | (4,008) | (3,088) |
| **Accrued long term disability benefits at end of year** | $ 19,528 | $ 17,111 |

**Note 6 Accrued Long Term Disability Benefits (continued)**

(b) **Sensitivity of Changes in Major Assumptions**

The Plan's future experience will inevitably differ, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations and will affect the financial position of the Plan.

As at March 31, 2001, holding the continuance rates and incurred but unreported reserve factor constant, a 1% decrease in the assumed interest discount rate would result in the actuarial deficiency of the Plan increasing by $0.9 million.

**Note 7 Investment Income (Loss)**

The following is a summary of the Plan's proportionate share of investment income (loss) from pooled funds and directly held investments.

| | 2001 | 2000 |
|---|---|---|
| | ($ thousands) | |
| **Deposits and Fixed Income Securities** | | |
| Deposit in the Consolidated Cash Investment Trust Fund | $ 23 | $ 18 |
| Canadian Dollar Public Bond Pool | 588 | 109 |
| Private Mortgage Pool | 8 | – |
| Floating Rate Note Pool | 6 | 2 |
| | 625 | 129 |
| **Equities** | | |
| Canadian Equities | | |
| Canadian Pooled Equities Fund | (375) | 711 |
| Domestic Passive Equity Pooled Fund | (306) | 646 |
| External Managers Fund (Canadian) | 21 | 252 |
| Foreign Equities | | |
| External Managers Fund (International) | (595) | 393 |
| External Managers Fund (United States) | (374) | 156 |
| EAFE Structured Equity Pooled Fund | (79) | 211 |
| US Passive Equity Pooled Fund | 6 | 11 |
| US Structured Equity Pooled Fund | (8) | 28 |
| Global Structured Equity Pooled Fund | – | 91 |
| Equities in Real Estate | | |
| Private Real Estate Pool | 3 | – |
| | (1,707) | 2,499 |
| | $ (1,082) | $ 2,628 |

**Note 7 Investment Income (Loss) (continued)**

Investment income (loss) is comprised of the following:

| | 2001 | 2000 |
|---|---|---|
| | ($ thousands) | |
| Net realized and unrealized gains on investments | $ (1,477) | $ 1,548 |
| Interest income | 506 | 476 |
| Derivative income (expense) | (191) | 529 |
| Dividend income | 91 | 87 |
| Real Estate income | 2 | – |
| Securities lending income | 2 | 1 |
| Pooled funds management and associated custodial fees | (15) | (13) |
| | $ (1,082) | $ 2,628 |

**Note 8 Administration Expenses**

| | 2001 | 2000 |
|---|---|---|
| | ($ thousands) | |
| General administration costs | $ 20 | $ 18 |
| Investment management fees and other services | 34 | 40 |
| Recovery of prior year expenses | (32) | – |
| | $ 22 | $ 58 |

Investment management costs were paid to Alberta Treasury and do not include custodial and pooled fund management fees, which have been deducted in arriving at investment income.

Accommodation and certain administration costs, including salaries, benefits and telecommunication services incurred on behalf of the Plan by the Government of Alberta have not been included in the Plan's expenses. These costs are recorded by the Government of Alberta and are not recovered from the Plan.

**Note 9 Budget Information**

The accrued long term disability benefits are based on the Public Service Commissioner's best estimates of future events after consultation with the Plan's actuary. Differences between actual results and the Commissioner's expectations are disclosed in Note 6 as experience gains and losses in the table of changes in the value of accrued long term disability benefits. Accordingly, a budget is not included in these financial statements.

**Note 10 Approval of Financial Statements**

These financial statements were prepared by management and approved by the Public Service Commissioner.

## LONG TERM DISABILITY INCOME CONTINUANCE PLAN – MANAGEMENT, OPTED OUT AND EXCLUDED

### SCHEDULE OF INVESTMENTS IN CANADIAN DOLLAR PUBLIC BOND POOL (a) (b)

March 31, 2001

($ thousands)

| | Plan's Share | |
|---|---|---|
| | 2001 | 2000 |
| **Deposit in the Consolidated Cash Investment Trust Fund** | $ 107 | $ 122 |
| **Public Fixed Income Securities** | | |
| Government of Canada, direct and guaranteed | 1,276 | 1,743 |
| Provincial: | | |
| Alberta, direct and guaranteed | 19 | 26 |
| Other, direct and guaranteed | 1,170 | 998 |
| Municipal | 77 | 54 |
| Corporate | 1,838 | 2,768 |
| **Private Fixed Income Securities** | | |
| Corporate | 678 | 764 |
| Total deposit and fixed income securities | 5,165 | 6,475 |
| **Receivable from sale of investments and accrued investment income** | 93 | 224 |
| **Liabilities for investment purchases** | (63) | (171) |
| | 30 | 53 |
| | $ 5,195 | $ 6,528 |

(a) The Canadian Dollar Public Bond Pool is managed with the objective of providing competitive returns comparable to the total return of the Scotia Capital Universe Bond Index over a four-year period while maintaining adequate security and liquidity of participants' capital. The portfolio is comprised of high quality Canadian fixed income instruments and bond-related derivatives. Competitive returns are achieved through management of the portfolio duration and sector rotation.

(b) Fixed income securities held as at March 31, 2001 had an average effective market yield of 5.75% per annum (2000 6.39% per annum). The following term structure of these securities as at March 31, 2001 is based on principal amount.

| | 2001 | 2000 |
|---|---|---|
| | % | |
| under 1 year | 5 | 9 |
| 1 to 5 years | 36 | 35 |
| 5 to 10 years | 29 | 29 |
| 10 to 20 years | 15 | 15 |
| over 20 years | 15 | 12 |
| | 100 | 100 |

# LONG TERM DISABILITY INCOME CONTINUANCE PLAN – MANAGEMENT, OPTED OUT AND EXCLUDED

## SCHEDULE OF INVESTMENTS IN EXTERNAL MANAGERS FUND (a) (b)

March 31, 2001

($ thousands)

| | Plan's Share | |
|---|---|---|
| | 2001 | 2000 |
| **Foreign Public Equity Pools** | | |
| Multi Region | $ 946 | $ 482 |
| Europe | 384 | 547 |
| Pacific Basin | 1,592 | 479 |
| Emerging markets | – | 78 |
| | 2,922 | 1,586 |
| United States | 2,810 | 1,821 |
| **Canadian Public Equity Pools** | | |
| Large Cap | 417 | 570 |
| Small Cap | 36 | 607 |
| | 453 | 1,177 |
| | $ 6,185 | $ 4,584 |

(a) The External Managers Fund is comprised of numerous portfolios of publicly traded equities, which are managed by numerous external managers with expertise in global and Canadian equity markets. The objective of the fund is to provide investment returns higher than the total return of the applicable Morgan Stanley Capital International, Standard & Poor and Toronto Stock Exchange indices over a four-year period. Risk is managed by means of manager, style and market diversification.

(b) The following is a summary of the Plan's share assets and liabilities of the External Managers Fund as at March 31, 2001:

| | Plan's Share | |
|---|---|---|
| | 2001 | 2000 |
| | ($ thousands) | |
| **Cash and short-term securities** | $ 76 | $ 93 |
| **Receivables from sale of investments and accrued investment income** | 156 | 39 |
| **Investments** | | |
| Public equities | 6,022 | 4,496 |
| Convertible bonds | 1 | 1 |
| **Liability for investment purchases** | (70) | (45) |
| | $ 6,185 | $ 4,584 |

# LONG TERM DISABILITY INCOME CONTINUANCE PLAN – MANAGEMENT, OPTED OUT AND EXCLUDED

## SCHEDULE OF INVESTMENT RETURNS

Year ended March 31, 2001

The Plan uses the time-weighted rate of return based on market values to measure performance. The measure involves the calculation of the return realized by the Plan over a specified period and is a measure of the total proceeds received from an investment dollar initially invested. Total proceeds include cash distributions (interest and dividend payments) and capital gains or losses (realized and unrealized).

The time-weighted rate of return measures the compounded rate of growth of the initial investment over the specified period. It is designed to eliminate the effect that the size and timing of cash flows have on the internal rate of return. The investment industry uses time-weighted rates of return calculated using market values when comparing the returns of funds with other funds or indices.

Investment returns for the Plan for the one- and two-year periods ended March 31, 2001 are as follows:

| | Year Ended March 31, | | 2 Year Compound Annualized Return |
|---|---|---|---|
| | 2001 | 2000 | |
| **Time-weighted rates of return** | | | |
| Short-term fixed income | 5.9 | 6.7 | 6.3 |
| *Scotia Capital 91-Day T-Bill Index* | 5.7 | 4.7 | 5.2 |
| Long-term fixed income | 9.5 | 1.3 | 5.3 |
| *Scotia Capital Universe Bond Index* | 8.7 | 1.3 | 4.9 |
| Canadian equity | (16.7) | 39.9 | 7.9 |
| *Toronto Stock Exchange 300 Index* | (18.6) | 45.5 | 8.8 |
| Foreign equity | (19.2) | 27.8 | 1.6 |
| *50% S & P 500 and 50% MSCI EAFE Index* | (18.4) | 17.0 | (2.3) |
| **Overall** | (6.6) | 19.6 | 5.7 |
| ***Policy Benchmark*** | (6.3) | 17.6 | 5.0 |

## MINISTRY OF HUMAN RESOURCES AND EMPLOYMENT
### STATEMENT OF REMISSIONS, COMPROMISES AND WRITE-OFFS
For the year ended March 31, 2001

The following statement has been prepared pursuant to section 28 of the Financial Administration Act. The statement includes all remissions, compromises and write-offs of the Ministry of Human Resources and Employment made or approved during the fiscal year.

| | ($ thousands) |
|---|---|
| Remissions under section 26 of the Financial Administration Act: | $ – |
| Compromises under section 27 of the Financial Administration Act: | |
| Supports for Independence and Assured Income for the Severely Handicapped Program | 16 |
| Write-offs: | |
| Accounts Receivable | |
| Supports for Independence and Assured Income for the Severely Handicapped Program | 2,938 |
| Widows' Pension Program | 49 |
| Miscellaneous | 10 |
| | 2,997 |
| | $ 3,013 |

# Personnel Administration Office

# Personnel Administration Office

## GOVERNMENT'S PREFERRED FUTURE OF THE ALBERTA PUBLIC SERVICE

The Alberta Public Service is respected for its attitudes, knowledge and skills, its effective management of public policy and its dedication to achieving quality, affordable services for Albertans.

## VISION

PAO — Building a strong public service.

## MISSION STATEMENT

Our mission is to develop corporate human resource strategies, policy frameworks and strategic support services that enable departments to fulfill their business plan goals and achieve government's preferred future of the Alberta public service. Our mission supports the government's core businesses of people, prosperity and preservation.

| Core Businesses | Goals |
|---|---|
| Our core businesses are:<br>• to develop corporate human resource strategies and policy frameworks for benefits; classification and compensation; labour relations; occupational health and safety; staffing and workforce development; and<br>• to provide executive recruitment; collective bargaining; an employee assistance program; and leadership in human resource information management. | **Strategic Leadership**<br>Provide strategic leadership to departments in addressing cross-department human resource needs and issues.<br>**Alignment/Commitment**<br>Provide human resource strategies, policy frameworks and consulting services that assist departments in compensating, rewarding and recognizing employees.<br>**Well-being**<br>Provide human resource strategies, policy frameworks and consulting services that assist departments in providing a safe work environment and supporting the well-being of employees.<br>**Competence/Versatility**<br>Provide human resource strategies, policy frameworks and consulting services that assist departments in attracting, selecting and developing employees to meet current and future needs. |

## Operational Overview

The Personnel Administration Office (PAO) is the central human resources arm of government. PAO works with departments to develop government-wide human resource strategies and policy frameworks in a variety of areas to support departments in achieving their business plan goals. PAO is also responsible for the delivery of corporate strategic services:

### Corporate Human Resource Policy and Consulting

Develops human resource strategies and policy frameworks and provides expert consulting to departments in the areas of benefits, classification and compensation, labour relations, occupational health and safety, and staffing and workforce development. Also conducts collective bargaining on behalf of government as an employer and provides an employee assistance program for public service employees.

### Executive Search

Provides executive search and consulting services in the recruitment and selection of executives and senior officials for the public service and significant agencies, boards and commissions. Also assists departments in facilitating internal and external executive mobility initiatives and leadership continuity strategies.

### Client Relations

Works with departments to understand current and emerging human resource needs, identifying priority areas for action and facilitating the development of solutions. Works with departments and the policy and consulting area in the development, co-ordination and implementation of the Corporate Human Resource Development Strategy.

### Information Management

Provides strategic information management services and business support services for PAO. Works with departments to develop and implement plans for effective management of human resource information. Desktop and network support services were transitioned to the Alberta Corporate Service Centre in this year.

### Human Resource Innovation and Process Improvement

Promotes and supports innovation and process improvement in the development and delivery of human resource programs. Provides strategic leadership in the effective use of technology in human resources. Represents PAO and the Human Resource Director's Council in maintaining the effectiveness of IMAGIS and implementing new initiatives in IMAGIS (the cross-government human resource information management system).

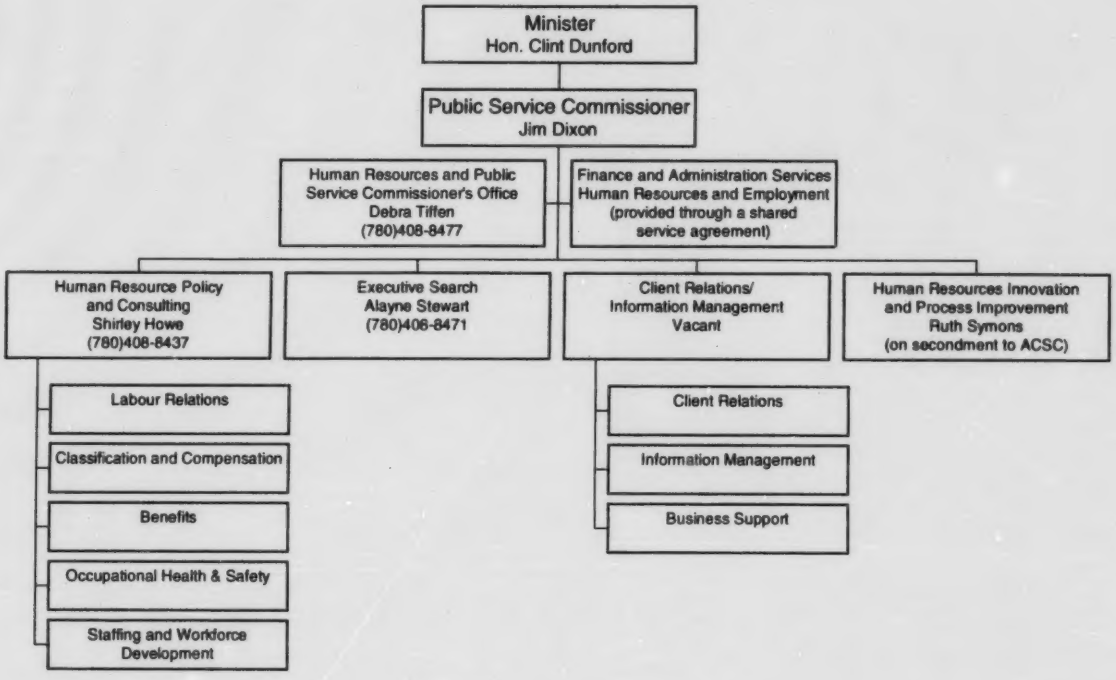
### Human Resources and Public Service Commissioner's Office

Provides departmental human resource support, advice and leadership to PAO. Co-ordinates preparation and submission of the business plan, performance measures, annual report and the budget. Prepares briefing material. Human Resource services such as staffing and payroll and benefit services were transitioned to the Alberta Corporate Service Centre in this year.

### Finance and Administration Services

PAO has had a shared service arrangement to receive finance and administrative services since 1987. Services in 2000/2001 were received in part through the department of Human Resources and Employment and in part through the Alberta Corporate Service Centre. This includes the role of Senior Financial Officer, financial advice and support, accounts payable processing as well as library, mail and courier, accommodation, and records management services.

# Personnel Administration Office
# Organization Chart



AUDITOR GENERAL
Alberta

# Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Key Performance Measures

To the Members of the Legislative Assembly

I have performed the following procedures in connection with the Personnel Administration Office's performance measures. The Personnel Administration Office's performance measures are included in the *2000-2001 Annual Report of the Ministry of Human Resources and Employment* as presented on pages 128 to 141.

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.

2. The calculations which converted source information into reported measures were tested.

3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit and therefore I express no opinion on the Personnel Administration Office's performance measures included in the *2000-2001 Annual Report of the Ministry of Human Resources and Employment*.

Peter Valentine

Peter Valentine, FCA
Auditor General

Edmonton, Alberta
July 24, 2001

## Personnel Administration Office

# results analysis

## goals, measures, results

**Goal 1:** **Strategic Leadership: Provide strategic leadership to departments in addressing cross-department human resource needs and issues.**

### STRATEGIES

Greater integration and effectiveness of corporate and departmental efforts in addressing priority human resource issues:

- Maintain the integrity of the overall human resource system in government by ensuring effective corporate/ministry interface in managing and measuring human resource outcomes.
- Work with departments to develop the 2001-2004 corporate human resource plan and ensure its implementation through the development of complementary departmental plans and realigned human resources delivery. Ensure the plan supports the People and Prosperity initiative.
- Co-ordinate the use of the Corporate Human Resource Research and Development Fund to support priority human resource needs.

Increased ability of departments to meet their human resource needs:

- Facilitate the adoption of human resource best practices across the public service, including the use of technology to enhance human resource processes.
- Provide expert consulting to departments on core business areas.

Maintain an ongoing review of human resource directives and regulations to ensure they are current and relevant, and in keeping with the intent of regulatory reform.

### RESULTS

PAO and the human resource community worked closely together to facilitate the transition of the delivery of human resource services to the Alberta Corporate Service Centre. This involved drafting department, PAO and ACSC roles and responsibilities in human resources as well as providing the necessary data and information to begin to establish clear service level expectations for transactional services.

PAO provided leadership and coordination to the Corporate Human Resource Development Strategy as part of the implementation of the Corporate Human Resource Plan.

- Continued to promote the Ambassador Program as a tool for departments to use in communicating with post-secondary institutions and students to facilitate work experience opportunities, on-campus recruitment activities and to promote the Alberta government as an attractive employer.
- Held the second Knowledge Fair which was available to employees on a drop-in basis. The Knowledge Fair provided information and demonstration booths on topics related to learning and leadership to the approximately 800 public service employees who attended.
- Redesigned the on-line leadership development toolkit to increase its effectiveness for employees.
- Continued to distribute the *Unwrap Your Future* flyer to all employees as part of the Strategy's communication plan.
- Development planning workshops were introduced to assist employees who have accessed the assessment services (multi-rater feedback process) in turning their feedback into action plans.

The Alberta public service received national recognition from the Institute of Public Administration of Canada (IPAC) for the Corporate Human Resource Development Strategy. The strategy was awarded Gold for innovative management.

Projects funded under the Corporate Human Resource Research and Development Fund included:

- Corporate Human Resource Development Strategy initiatives including leadership development, enhancements to the internship program and the Core Measures Survey
- Classification Plan Review
- Seminar for Commonwealth Permanent Secretaries
- Alberta Corporate Service Centre Transition Supports
- Accessed best practices research in human resource management through Conference Board of Canada and Corporate Leadership Council memberships
- Institute of Public Administration of Canada's Roundtables on attraction and retention
- Canadian Policy Research Network Quality of Employment Indicators Website

PAO continued to utilize technology to enhance business outcomes. This included redesign of the PAO home page to improve user access to information. Through the PAO web site a number of interactive systems were developed to streamline processes and save time. These included:

- The annual salary survey was conducted through a web based application. Users indicated this was their first online salary survey and the majority indicated that it was an improvement over paper-based surveys. The survey will be conducted online again in 2001.
- The virtual Knowledge Fair was again placed on the PAO site (www.gov.ab.ca/pao/knowledgefair/) and it provided employees with online access to brochures, booklets, self-assessment tools and information sheets related to learning and leadership development.
- Registrations for the issues series and the knowledge fair evaluation process were also completed online.

The Employee Information Centre (www.gov.ab.ca/pao/infocentre/) was created to provide all employees with online access to a wide range of information on government, government departments and their employment in the Alberta public service.

PAO continued to provide expert consulting on the human resource policy frameworks, strategies and to provide strategic services to departments.

## PERFORMANCE MEASURES

### Client Satisfaction

- PAO conducts a comprehensive survey of client satisfaction every two years with its primary clients (deputy ministers and their executive committees, human resource directors and human resource consultants in government departments). The latest survey was conducted in 2000/2001.
- To measure client satisfaction, an independent survey organization, Research Innovations Inc., conducted a census survey of PAO's clients using a combination of telephone, personal interviews and web/e-mail based data collection methods. Of the 258 clients eligible to participate, 234 participated in the study. Data on measures of overall satisfaction with working relationships with PAO and overall satisfaction with PAO's human resource strategies and policy frameworks was collected through either a personal interview or by telephone, in order to be consistent with prior surveys. Individual responses were categorized on a scale of one to five ranging from very satisfied to very dissatisfied. Results were averaged to give each group equal weight.

### Corporate Human Resource Plan

- The Corporate Human Resource Plan is developed annually in conjunction with departments and is approved by deputy ministers. It addresses priority areas for human resource management in the Alberta public service. Measurement data is collected through the annual Core Measures Survey and also through departmental reports submitted on the Corporate Human Resource Development Strategy (one of the priorities within the Corporate Human Resource Plan for 2000/2001).

- Core measures of employee satisfaction have been established and annual surveys have been conducted since 1996 to assess employee views. The Core Measures Survey is conducted by an independent survey organization. The most recent survey was a telephone survey with 4,408 Government of Alberta employees (approximately 24 percent of the workforce) and was conducted from October to December 2000. For the 1998/1999, 1999/2000 and 2000/2001 survey results, the margin of error was no greater than ±2 percent at the 95 percent confidence level.
- Department data on the Corporate Human Resource Plan is collected through departmental reports and results are collated by PAO.

**Human Resource Directives and Regulations**

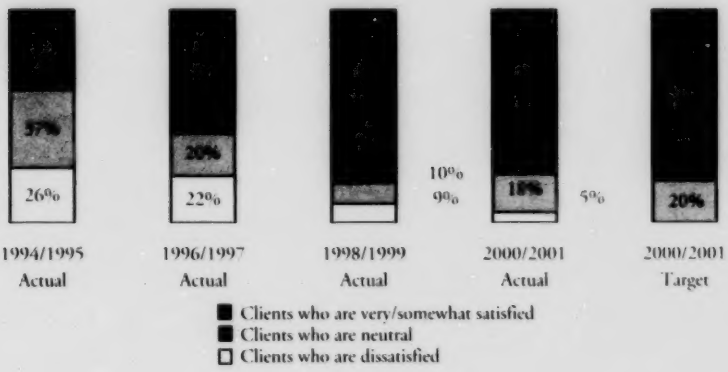
- PAO tracks and regularly reviews the human resource directives and regulations to ensure that the regulatory framework for human resource management is appropriate and meets the government's regulatory reform objectives.

## ANALYSIS

### Client Satisfaction[20]

Seventy-seven percent of clients were somewhat or very satisfied with the corporate human resource strategies and policy frameworks in 2000/2001, which is slightly below the established target. The change is due to an increase in the percentage of clients who are neutral (neither satisfied nor dissatisfied). The number of dissatisfied clients decreased slightly from the previous survey. The results remains significantly above the 58 percent satisfaction level in 1996/1997. The next survey will be conducted in 2002/2003.

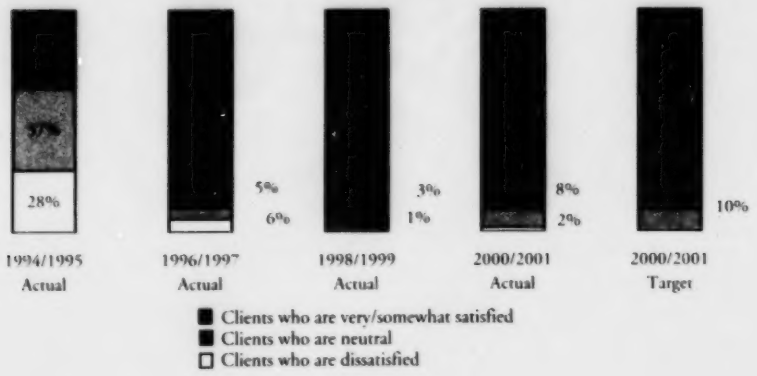
**Client Satisfaction with Human Resource Strategies and Policy Frameworks**




[20] 1994/1995 actual figures were derived from responses to a group of questions. 1996/1997, 1998/1999 and 2000/2001 actual figures were derived from a single question posed to a larger survey universe.

In regard to working relationships with PAO, the results from the 2000/2001 client satisfaction survey showed a slight decrease in satisfaction to 90 percent which meets the target established for 2000/2001. The next survey will be conducted in 2002/2003.

**Client Satisfaction with Working Relationships with the Personnel Administration Office**




## Corporate Human Resource Plan

| Performance Indicators | Source | 1998/1999 Actual | 1999/2000 Actual | 2000/2001 Actual | 2000/2001 Target |
|---|---|---|---|---|---|
| Succession plans in place for key positions | Department data | n/a | n/a | Plans in place | Plans in place for all executive positions reporting to the Deputy Minister |
| Number of developmental moves for staff: | Department data | | | | |
| • Executive Managers | | 36 | 72 | 29 | 28 |
| • Other Managers | | 291 | 340 | 154 | 232 |
| Number of work experience, co-op and internship placements | Department data | 395 | 529 | 562 | 450+ |
| % of interns whose employment continued in 2000/2001 | Department data | n/a | n/a | 94% | New measure – baseline to be established |
| Demonstrated linkages between department human resource plans and achievement bonus criteria, and corporate human resource plan goals | Department data | n/a | n/a | Linkages are evident based on a review of department plans | Qualitative Assessment |

The business plan goal for the Corporate Human Resource Plan was for all results to be within five percent of each target. Specific results are discussed below and under goal two on the following pages. Overall, the results were positive.

- Departments continued to develop and implement their leadership continuity strategies. In 2000/2001, all departments ensured that succession plans were in place for all executive positions reporting to the Deputy Minister.
- The number of developmental moves for executive managers exceeded the target and the number for other managers was below the target.
- Departments have shown strong support for work experience, co-op and internship programs which are part of the strategy to market the public service as an attractive employer and provide a variety of opportunities for young people making the transition from school to work.
- Work continued on ensuring that linkages were in place between the achievement bonus criteria, department HR plans and corporate HR plan goals.

### Number of Human Resource Regulations and Directives

The number of regulations remained constant in 2000/2001 and the number of directives decreased by three. PAO continues to review all directives at least once every three years.

| | 1998/1999 Actual | 1999/2000 Actual | 2000/2001 Actual | 2000/2001 Target |
|---|---|---|---|---|
| Regulations | 4 | 4 | 4 | maintain or reduce |
| Directives | 108 | 108 | 105 | |

**Source:** Personnel Administration Office.

### SUPPLEMENTAL INDICATOR

In 2000/2001, the number of grievances that progressed to the arbitration level increased slightly from the previous year. The majority of grievances continue to be resolved prior to arbitration.

### Labour Relations Statistics

| | 1998/1999 | 1999/2000 | 2000/2001 |
|---|---|---|---|
| Number of current year arbitration level grievances | 30 | 27 | 32 |

**Source:** Personnel Administration Office.

**Goal 2:** **Alignment/Commitment: Provide human resource strategies, policy frameworks and consulting services that assist departments in compensating, rewarding and recognizing employees for their contributions to business plan goals.**

**STRATEGIES**

Establish a closer link between performance and rewards/recognition:

- Assist departments in linking employee performance to government performance through effective use of the performance management system.
- Identify and promote performance-based rewards options for opted-out and excluded employees, and bargaining unit employees subject to negotiations.
- Co-ordinate the Premier's Award of Excellence program.

Review and respond to total compensation issues to ensure they meet current realities and needs:

- Review and update the non-management classification plan to address identified needs, using a phased-in approach.
- Conduct collective bargaining.

**RESULTS**

In linking performance to rewards and recognition:

- Updated the overall performance management framework and created a guide which can be utilized by departments to evaluate the effectiveness of their performance management systems. Emphasis was placed on linking employees' work plans to the department's business plan. Conducted a pilot project involving seven departments to test the guide and to provide those departments with feedback on how to enhance performance management within their organization.
- Assisted and co-ordinated the implementation of the achievement bonus program for managers and opted out and excluded employees.
- Continued to deliver the Premier's Award of Excellence Program to maintain its profile as a prestigious corporate recognition program that supports learning and best practices. In 2000, 54 submissions were received and 36 teams were recognized with awards.

In partnership with departments, and in consultation with AUPE, PAO continued to provide leadership and co-ordination for the development of a modified Hay job evaluation plan for non-management jobs. Progress has been made on preparing for the implementation phase for subsidiaries 002 and 006. As well, the opted out and excluded group design phase has been completed and planning for implementation has begun.

As a result of negotiations on the wage opener in 1999, the term of the collective agreement was extended to September 2001. The collective agreement will be open for negotiation in May 2001.

### PERFORMANCE MEASURES

Results for the performance measures associated with this goal are gathered through the annual Core Measures Survey (for methodology refer to page 131).

| Corporate Human Resource Plan Measures | Source | 1998/1999 Actual | 1999/2000 Actual | 2000/2001 Actual | 2000/2001 Target |
|---|---|---|---|---|---|
| % of employees who understand how their work contributes to their department's business plan | Core Measures Survey | 77% | 81% | 78% | 80% |
| % of employees who understand how the work of their department contributes to government business plan goals | Core Measures Survey | n/a | n/a | 71% | new measure – target to be determined |
| % of employees who report their organization provides expected outcomes for their work | Core Measures Survey | n/a – new measure | 66% | 70% | 68% |
| % of employees who receive recognition for their contributions to progress on business plan goals | Core Measures Survey | 51% | 50% | 53% | 55% |
| % of employees who are satisfied with their employment in the Alberta public service | Core Measures Survey | 78% | 80% | 85% | 80% |

### ANALYSIS

Seventy-eight percent of employees surveyed understand how their work contributes to their department's business plan which is below the target but within the 5% variance established for targets under the Corporate Human Resource Plan. These results remain above the results for 1998/1999.

Seventy-one percent of employees understand how the work of their department contributes to government business plan goals and 70 percent report that their organization provides expected outcomes for their work. These measures were added to track employees understanding of the government's goals and targets. Strengthening employee understanding of how their work fits into their department's business plan and also increasing the linkages and understanding of how a department's business plan fits into the government business plan ensures that all employees are working towards common, understood goals.

Fifty-three percent of employees surveyed reported that they received recognition for their contribution to business plan goals. This is still below the target of 55 percent however improvement has been made. At the same time, however, a significant percentage (85%) of public service employees reported they are satisfied with their employment in the Alberta public service.

Departments continue to focus on enhancing their rewards and recognition programs.

**Goal 3: Well-being: Provide human resource strategies, policy frameworks and consulting services that assist departments in providing a safe work environment and supporting the well-being of employees.**

**STRATEGIES**

Assist employees in managing their well-being:

- Deliver an employee assistance program for public service employees.
- Develop and implement a strategy that promotes wellness in the Alberta public service.

Reduce accident/injury and illness/long term disability (LTD) rates:

- Advance the Partnerships in Safety program in high and medium risk departments.
- Implement the Partnerships Program Quality Assurance Management System.
- Expand the Employee Support and Recovery Assistance (ESRA) program to include other disability management initiatives that improve organizational health and wellness.

**RESULTS**

PAO continued to deliver an employee assistance program for the public service and began work on developing a corporate approach to promote wellness in the public service. A corporate wellness team was established.

As the certifying partner for government, PAO continued to work with high and medium risk departments to pursue their certification. Departments involved with program building and/or pursuing a certificate of recognition under the Partnerships program in 2000/2001 included Environment, Justice, Agriculture, Human Resources & Employment and Infrastructure.

PAO developed a cross ministry quality assurance management system which has been endorsed by Human Resources and Employment (provincially responsible for Partnerships Program).

PAO continues to demonstrate its leadership role in the area of occupational health and safety by maintaining its Partnerships in Safety Certificate of Recognition.

PAO co-ordinated services under the Employee Support and Recovery Assistance (ESRA) program. 2000/2001 was the third year of the program which is designed to assist employees with recovery assistance and an earlier

return to work from an illness leave. In its third year, ESRA assisted 135 employees in an earlier return to work.

The voluntary retirement program for recipients of long term disability was offered to management and opted out & excluded employees who were on LTD and eligible to retire with a full pension. Seven employees accessed the program with a net savings of approximately $1 million. A savings of $3.04 for every $1 cost was achieved.

**PERFORMANCE MEASURES**

The measures shown on page 138 provides information on the time lost due to accident, injury and illness in the Alberta public service and related costs.

- Work days lost measures the number of work days that employees lost due to injury, relative to the total hours worked.
- Direct Costs to Government measures the total cost to government for the Workers' Compensation Board (WCB) premiums and WCB supplement paid. WCB supplement is paid by government and covers the first 80 days of a WCB approved absence for salaried employees.
- Time Lost to General Illness measures the average number of general illness days taken per employee across the public service. General illness covers absences due to illness or injury greater than three days to a maximum of 80 days.
- Costs of General Illness captures salary costs for general illness absences.
- The Long Term Disability (LTD) incidence rate measures the number of new Long Term Disability claims per 1000 employees. The total number of employees includes a small number who are within the first three months of their employment that would not be eligible for LTD benefits.

| Health, Safety & Wellness Performance Measures (Calendar Year) | Source | 1998 Actual | 1999 Actual | 2000 Actual | 2000 Target |
|---|---|---|---|---|---|
| Work days lost (per 10,000 person days worked)<br>Number of working days lost X 80,000 hours / Employee Hours worked | IMAGIS* database, WCB, department data | Not available | 34.9 days/ 10,000 person days worked | 42.5 days/ 10,000 person days worked | Maintain or reduce |
| Direct Cost to Government ($ Thousands)<br>(WCB Assessment Premium + WCB Supplement) | IMAGIS* database | Changed to calendar year | $4,333 | $4,881 | Maintain or reduce |

| Health, Safety & Wellness Performance Measures (Fiscal Year) | Source | 1998/1999 Actual | 1999/2000 Actual | 2000/2001 Actual | 2000/2001 Target |
|---|---|---|---|---|---|
| Time lost to General Illness<br>(Average # of days lost per employee) | IMAGIS* database | 4.5 days per employee** | 4.6 days per employee** | 4.3 days per employee*** | Maintain or reduce |
| Cost of General Illness ($ Thousands) | IMAGIS* database | $11,400** | $13,100** | $13,700*** | Maintain or reduce |
| Long Term Disability (LTD) Incidence Rate<br>(Number of new claims per 1000 employees) | IMAGIS* database, PAO, Great-West Life | 13.7 per 1000 employees | 14.2 per 1000 employees | 13.9 per 1000 employees | Maintain or reduce |

*IMAGIS is the cross-government human resource management information system.

**Restated from 1999/2000

***Preliminary figures

## ANALYSIS

The work days lost measure and the cost of WCB have been restated to follow the calendar year which is the same time frame used to report lost time in the *Measuring Up* section of the Government of Alberta's annual report. The work days lost in the Alberta public service in 1999 were 34.9 days which is significantly below the 53.8 days reported for all of Alberta in *Measuring Up*.

Within the Alberta public service, from 1999 to 2000 there was an increase in the work days lost rate although the actual number of incidents decreased slightly. There were 328 disabling injuries in the public service in 1999 and 324 in 2000. The increase in the work days lost rate is due primarily to the length of the related absences which are affected by the average age of the workforce and the nature of the injuries. It is also affected by the results of reheard WCB claims resulting in days lost being charged to the current year. PAO continues to work with departments on appropriate health and safety intervention strategies, as well as with the Alberta Corporate Service Centre to improve timing and consistency of data entry.

The direct cost to government indicator measuring total WCB costs to government increased. This is a result of the increase in the number of days of WCB supplement paid in 2000 as well as increases in the average salary and size of the public service (which affects both the cost of WCB premiums and supplement).

Time lost to general illness decreased slightly from 1999/2000 and the target was met. The related cost of general illness increased slightly as a result of increased salary costs across the public service. The number of new long term disability claims decreased to 13.9 per 1000 employees.

Initiatives such as the Employee Support and Assistance Program, the Employee Assistance Program and the Partnerships in Safety Program assist the public service in reducing the incidence and/or severity of accidents, injury or illness and the related time away from work. PAO continues to work with departments to ensure that disability management supports and strategies are in place within the public service.

**SUPPLEMENTAL INDICATOR**

PAO delivers an Employee Assistance Program (EAP) which provides diagnostic and referral services on behavioural health issues for employees of the Alberta public service. In 2000/2001, the number of new clients that accessed the program increased.

**Employee Assistance Program Statistics**

| | 1998/1999 | 1999/2000 | 2000/2001 |
|---|---|---|---|
| Number of New Clients Accessing Diagnostic and Referral Assistance | 541 | 512 | 614 |

**Source:** Personnel Administration Office.

**Goal 4: Competence/Versatility: Provide human resource strategies, policy frameworks and consulting services that assist departments in retaining, attracting, selecting and developing employees to meet current and future needs.**

**STRATEGIES**

Ensure departments are positioned to respond to emerging human resource needs:

- Work with departments to develop and implement leadership development and continuity strategies.
- Work with departments to review and ensure the effectiveness of the staffing process.

Increase the number of skilled people interested in employment with the Alberta public service (APS):

- Continue initiatives to market the APS as an attractive employer, provide work experience opportunities for youth and attract skilled workers to the APS.

- Provide a corporate search program targeted at attracting and recruiting to executive and senior official levels; assist departments in facilitating internal and external executive mobility; and provide search consulting for senior positions with significant government agencies, boards and commissions.

**RESULTS**

Work continued with departments to establish and operationalize their leadership development and continuity plans. PAO's work supported a corporate approach to building leadership capacity across the public service, specifically at the senior executive levels.

A project was initiated to develop the capacity for applicants to apply on-line for public service jobs. This project will facilitate the application process for people interested in working with the APS as well as streamline the process by which applications are entered into the human resource management system (IMAGIS).

Continued to promote the Ambassador Program to market the APS and to ensure managers and post-secondary institutions have the information they need to facilitate work experience, co-op placements and internship opportunities with the APS.

Continued to manage effective staffing processes for senior officials, executive managers and other senior positions with significant agencies, boards and commissions. PAO also provided support to departments by facilitating lateral transfers.

**PERFORMANCE MEASURES**

Data for the performance measure associated with this goal is gathered through the annual Core Measures Survey (for methodology refer to page 131).

| Business Plan Measure | Source | 1998/1999 Actual | 1999/2000 Actual | 2000/2001 Actual | 2000/2001 Target |
|---|---|---|---|---|---|
| % of managers who report their employees have the skills to meet current and future needs | Core Measures Survey | 93% current<br>82% future | 93% current<br>81% future | 92% current<br>81% future | 90% current<br>80% future |
| Employee's assessment of organizational support for their learning to meet current and future needs | Core Measures Survey | 76% current<br>69% future | 72% current<br>64% future | 76% current<br>66% future | 78% current<br>70% future |

## ANALYSIS

Results continue to be strong in this area. In 2000/2001 managers reported that 92 percent of their employees have the skills to meet current needs. This is slightly lower than the previous year but still on target. Eighty-one percent have the skills to meet future needs which exceeds the established target.

Employee assessment of organizational support for their learning increased for current needs and future needs. The results are again on or close to the 1998/1999 level. Results had decreased slightly in 1999/2000, in part, due to the reorganization of government in May 1999. As anticipated, as employees accessed the supports available in their new organization their assessment of supports for learning increased.

## SUPPLEMENTAL INDICATOR

Executive Search conducted 45 competitions in 2000/2001 (eight of which were carried forward from 1999/2000). These competitions involved service to 13 departments and 5 significant agencies, boards and commissions. In the 2000/2001 point-of-service client surveys, all Executive Search clients were satisfied with the service provided.

**Executive Search Statistics**

| | 1998/1999 | 1999/2000 | 2000/2001 |
|---|---|---|---|
| Number of Competitions | | | |
| Open | 43 | 29 | 28 |
| Limited | 16 | 19 | 17 |
| Total | 59 | 48 | 45 |
| Competitions Managed | | | |
| Senior Official/Deputy Minister | 6 | 4 | 1 |
| Executive Manager II | 10 | 8 | 9 |
| Executive Manager I | 22 | 25 | 29 |
| Other Levels | 6 | 7 | 1 |
| Other[21] | 15 | 4 | 5 |
| Total Competitions Managed | 59 | 48 | 45 |

**Source:** Personnel Administration Office.

[21] Includes provincial agencies, boards and commissions.

# Supplementary Information

## INSURANCE AND BENEFIT PLANS

The following two tables provide statistics on the benefits paid and usage of employee insurance and benefits plans. A description of the plans accompanies each table.

### Life Insurance Plan Claims

| Plan | | Benefits Paid (in $ Thousands) | | |
|---|---|---|---|---|
| | | 1998/1999 | 1999/2000 | 2000/2001 |
| Basic Group Life Insurance | Bargaining Unit Deaths | 33 | 33 | 41 |
| | Total Benefits Paid | $2,236 | $2,452 | $2,802 |
| | Management and Excluded Deaths | 9 | 11 | 9 |
| | Total Benefits Paid | $844 | $1,638 | $1,434 |
| Accidental Death and Dismemberment Insurance | Bargaining Unit Deaths | 2 | 1 | 0 |
| | Total Benefits Paid | $130 | $180 | $0 |
| | Management and Excluded Deaths | 0 | 0 | 1 |
| | Total Benefits Paid | $0 | $0 | $83 |
| Dependents' Life Insurance | Bargaining Unit Deaths | 30 | 23 | 16 |
| | Total Benefits Paid | $198 | $146 | $106 |
| | Management and Excluded Deaths | 11 | 3 | 10 |
| | Total Benefits Paid | $85 | $25 | $90 |
| Enhanced Life Insurance | Deaths | 4 | 7 | 4 |
| | Total Benefits Paid | $389 | $833 | $894 |
| Retiree Life Insurance | Bargaining Unit Deaths | 154 | 173 | 136 |
| | Total Benefits Paid | $462 | $520 | $408 |
| | Management and Excluded Deaths | 26 | 48 | 40 |
| | Total Benefits Paid | $78 | $146 | $124 |

**Source:** Personnel Administration Office; Great-West Life.

### About The Plans

**Basic Group Life and Accident Insurance**

A lump sum is paid to the beneficiary on the employee's death. A partial advance payment of the total coverage may be paid to a terminally ill employee. The employer pays two thirds, and the employee pays one third of the premium.

**Accidental Death and Dismemberment Insurance**

This policy provides additional benefits if death was accidental, or if an accident causes loss of use of limbs. The employer pays two thirds, and the employee one third of the premium.

**Dependents' Life Insurance**

Employee-funded, this benefit is paid to the employee on the death of an insured spouse or child.

**Enhanced Life Insurance**

Employee-funded, this additional coverage is based on a multiple of annual salary and is available to management and non-union employees.

**Retiree Life Insurance**

The bargaining unit plan provides a $3,000 benefit to the beneficiary on the death of the retired employee. As of July 1999 the benefit increased to $4,000 (for new retirees). The management and excluded plan provides a $3,000 benefit to the beneficiary on the death of the retired employee if the employee retired or terminated with 10 to 20 years of service, and $5,000 with 20 or more years of service.

## Benefit Plans

| Plan | | Benefits Paid (in $ Thousands) | | |
|---|---|---|---|---|
| | | 1998/1999 | 1999/2000 | 2000/2001 |
| Extended Medical Benefits and Prescription Drug Plans | Bargaining Unit Extended Medical Benefits Paid | $5,711 | $7,577 | $8,087 |
| | Management and Excluded Extended Medical Benefits Paid | $740 | $961 | $933 |
| | Management and Excluded Prescription Drug Benefits Paid | $2,004 | $2,495 | $2,639 |
| Travel-Occupational Accident Insurance | Deaths | 2 | 0 | 0 |
| | Benefits Paid | $219 | $0 | $0 |
| Dental Plans | Bargaining Unit Benefits Paid | $7,595 | $7,704 | $8,000 |
| | Management and Excluded Benefits Paid | $3,496 | $3,981 | $4,280 |
| Long-Term Disability Income Continuance Plan | Benefits Paid | $19,328 | $19,884 | $21,104 |
| | Number of Employees receiving benefits | 1,143 | 1,166 | 1,161 |
| | Number of new claims during the year | 290 | 272 | 275 |
| Employee Funded Leave Program | Fund Value | $530 | $560 | $496 |

**Source:** Personnel Administration Office; Blue Cross; Great-West Life; Clarica; Canada Trust

## About The Plans

### Extended Medical Benefits and Prescription Drug Plans

The bargaining unit extended medical benefits plan provides optional coverage for prescription drugs and other medical services. Employees and the employer each pay 50 percent of the premiums. The *1st choice* plan for managers and non-union employees is composed of two optional plans. One plan provides core or enhanced coverage for extended medical services; the other plan provides core or prescription drug coverage. There is a co-sharing of premiums between the employer and participating employees.

### Travel-Occupational Accident Insurance

This plan covers wage and a small number of other employees who are not covered under the life insurance plan. The plan is employer-funded and is for accidents causing death or dismemberment which occur at work or when travelling on government business. The principal benefit is equal to four times an employee's salary to a maximum of $125,000.

### Dental Plans

The bargaining unit and core management plans reimburse 80 percent for basic dental services, 50 percent for major services and 50 percent of orthodontic services (within annual limits). An enhanced employee-paid plan under the *1st choice* program for management and non-union employees provides a higher reimbursement level. All plans cover the employee, the employee's spouse and eligible children.

### Long-Term Disability Income Continuance Plan

Employees unable to perform at least 60 percent of their job duties or undertake employment due to their medical condition are provided with benefits equal to 70 percent of their pre-disability salary. Employees capable of returning to work receive rehabilitation and re-employment assistance.

### Employee Funded Leave Program

Employees may regularly set aside a portion of their salaries with a trustee. They then receive the deferred salary back at a later date while on a leave of absence ranging from four to 12 months in length.

## PROFILE OF THE ALBERTA PUBLIC SERVICE

As at March 31, 2001 there were 21,518 salaried[22] employees in the Alberta public service, an increase over March 31, 2000 when there were 20,446 employees. This distribution reflects the Ministry structure in place during the reporting period, prior to the new structure announced March 15, 2001.

**Distribution of Staff by Department**

| Department | Employees | Proportion of Public Service |
|---|---|---|
| Agriculture | 1,333 | 6.2% |
| Alberta Environment | 2,451 | 11.4% |
| Auditor General | 109 | 0.5% |
| Children's Services | 2,686 | 12.5% |
| Community Development | 710 | 3.3% |
| Economic Development | 218 | 1.0% |
| Executive Council | 66 | 0.3% |
| Government Services | 388 | 1.8% |
| Health and Wellness | 2,196 | 10.2% |
| Human Resources and Employment | 2,380 | 11.1% |
| International and Intergovernmental Relations | 105 | 0.5% |
| Infrastructure | 1,815 | 8.4% |
| Innovation and Science | 326 | 1.5% |
| Justice | 3,947 | 18.3% |
| Learning | 991 | 4.6% |
| Legislative Assembly Office | 76 | 0.4% |
| Ministry of Gaming | 25 | 0.1% |
| Municipal Affairs | 379 | 1.8% |
| Office of the Chief Electoral Officer | 9 | 0.0% |
| Office of the Ombudsman | 19 | 0.1% |
| Personnel Administration Office | 71 | 0.3% |
| Public Affairs Bureau | 172 | 0.8% |
| Resource Development | 569 | 2.6% |
| Treasury | 477 | 2.2% |
| **Total** | 21,518 | 100% |

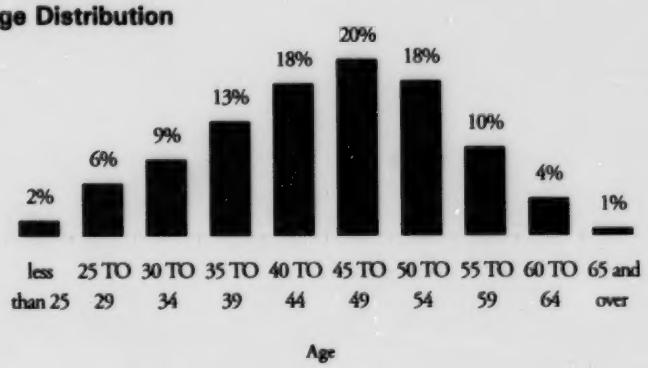
**Source:** IMAGIS database (the cross-government human resource information management system); Legislative Assembly Office.

[22] Salaried staff includes permanent, temporary and long-term wage employees.

The following charts include permanent, temporary and long-term wage employees. Data is obtained from IMAGIS, the cross-government human resource information management system.

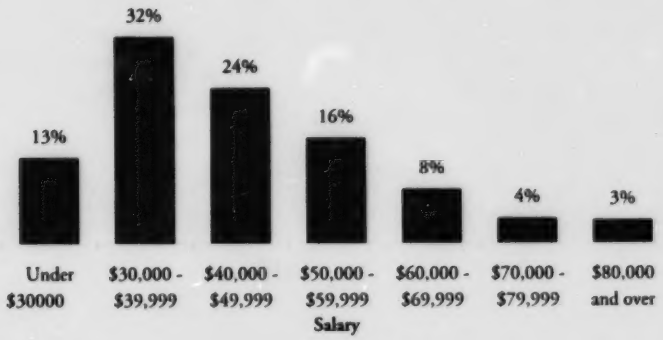
The average age of salaried public service employees went up by one year over 1999/2000 and is now at 45.

**Age Distribution**

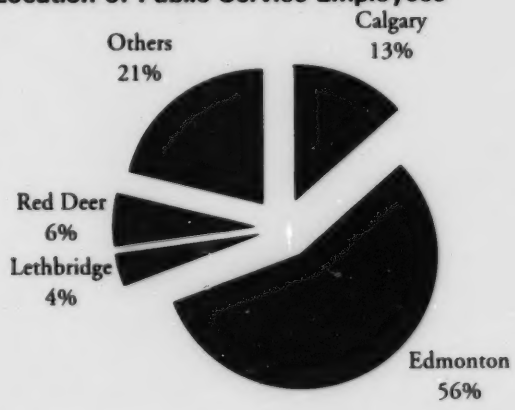



The average annual salary of full time public service employees in 2000/2001 was $44,836.

**Salary Range**




**Location of Public Service Employees**



# Alberta Labour Relations Board

# Alberta Labour Relations Board

## goals, measures, results

### Message from the Chair / Future Directions

2000/01 was a busy year for the Board both from an adjudicative and administrative perspective. On the administrative side we focussed our efforts in two main areas. The first area was concerned with decreasing the time the Board needed to complete its processes, with particular emphasis on decision writing timeliness. The second area of focus was the Board's ongoing commitment to obtaining settlements over adjudication whenever possible.

The results of the 2000/2001 business plan strategies and performance indicators are reported in the following pages.

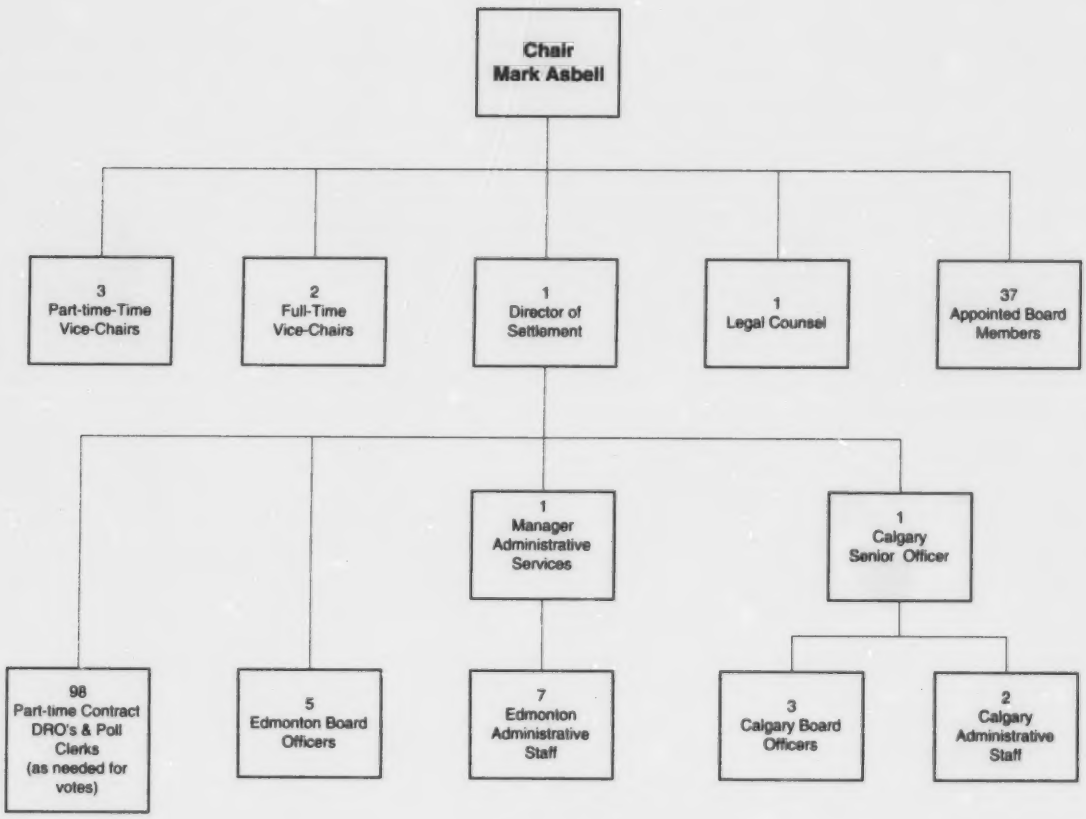
In addition to the performance indicators, the Board also achieved success with the following initiatives: the revision of two Board policies and bulletins; resolution conference initiative; the development of a performance based appraisal system for Board staff and a Code of Ethics for Board Members, to name a few.

The Board will continue to monitor its processes to find ways of increasing the timelines and the quality of services. It will also continue to stress the need for dialogue between the Board and the labour relations community as a means of identifying ways of responding to their needs. To date, we have found that such communications are taking place and the Board looks forward to enhancing these processes over the coming years.

Mark Asbell
Chair, Alberta Labour Relations Board

# Alberta Labour Relations Board
# Organization Chart

March 31, 2000



## THE ALBERTA LABOUR RELATIONS BOARD

Employees have the right to seek collective bargaining with their employers. The Labour Relations Code, Public Service Employee Relations Act and the Police Officer's Collective Bargaining Act guarantee this right and establish a framework for employees to make this choice freely. They describe how a trade union bargains with an employer over terms and conditions of employment to arrive at a collective agreement. Rules of fair play govern trade unions, employers, and employees in their labour relations activities.

The Alberta Labour Relations Board is an independent and impartial tribunal. It is responsible for the day-to-day application and interpretation of these rules and also processes the various applications required by the statutes.

Board activities are largely client and case load driven. The Board maintains tight control over its case handling and vote mechanisms. The Board recognizes that the timely resolution of labour relations differences involves the interests of the public as a whole as well as the interests of the parties directly involved in the difference.

Alberta's labour relations legislation encourages parties to settle their disputes, wherever possible, through honest and open communication. The Board offers informal settlement options to the parties, but it also has inquiry and hearing powers to make binding rulings whenever necessary.

# 2000/01 Business Plan

## MISSION STATEMENT

To administer, interpret and enforce Alberta's collective bargaining laws in an impartial, knowledgeable efficient, timely and consistent way

## CORE BUSINESS

The Board's core activities arise from the responsibilities placed on it by the labour relations legislation it oversees. These activities are:

- The investigation, processing, and determination of applications made to the Board by parties in Alberta's collective bargaining regime
- The formal adjudication of issues arising out of the application/ complaint process
- The informal mediation of differences in attempts to limit the need for formal adjudication and help build mutually beneficial relationships between parties
- The education of Alberta's labour community in the interpretation of Alberta's labour relations legislation and the Board's rules, policies and procedures
- The development of formal and informal consultative processes with the province's labour relations community to ensure that Board policies and procedures are sensitive to the current realities in the community

AUDITOR GENERAL Alberta

# Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Key Performance Measures

To the Members of the Legislative Assembly

I have performed the following procedures in connection with the Alberta Labour Relations Board's performance measures included in the *2000-2001 Annual Report of the Ministry of Alberta Human Resources and Employment*.

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.

2. The calculations that converted source information into reported measures were tested.

3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit and therefore I express no opinion on the performance measures included in the *2000-2001 Annual Report of the Ministry of Alberta Human Resources and Employment*.

Peter Valentine

Peter Valentine, FCA
Auditor General

Edmonton, Alberta
July 30, 2001

## Goals / Strategies / Results

**Goal 1: To provide timely, effective and efficient services to the Alberta labour relations community.**

### STRATEGIES

- Provide communications that are clear, timely and precise to ensure the parties understand the procedures and the issues involved.
- Investigate applications in a timely and accurate manner to ensure early resolution of differences.
- Ensure that all Board publications and communications are current and readily available to Alberta's labour relations community.
- Review the Board's policies, procedures and systems regularly to ensure that they reflect the needs of Alberta's labour relations community.

### RESULTS

The following initiatives were undertaken in 2000/2001:

- Policies relating to Hearing procedures and Judicial Review procedures were reviewed and updated.
- The Board's publication Guide to Alberta's Labour Laws was updated.
- Database reports were developed to assist in the tracking of performance indicators.
- The majority of staff members have completed individual performance agreements. These agreements incorporate many of the Board's performance indicator targets in their personal targets.
- The Board Web-site was revised to provide a more user-friendly location for Board information.

### PERFORMANCE MEASURE

Defined as the percentage of applications that are completed within the following guidelines: certification applications to be completed within 30 calendar days; revocation applications to be completed within 30 calendar days; modification of bargaining relationships applications to be completed within 200 calendar days; and proposal vote applications to be completed within 15 calendar days. These percentages will provide an indication of the timeliness of the Board's services.[23]

[23] **Source/Methodology**
The Alberta Labour Relations Board Case Management System tracks all applications and complaints brought before the Board. The system tracks and calculates completion time from the date of acceptance to the date that the matter is resolved. A report is run to determine the amount of time to complete for each matter. The number of matters completed on or before the target date are identified and calculated as a percentage of all matters.

**RESULTS**

The percentage of applications that are completed within the stated guidelines.

| Application Type | Actual 2000-01 | Target 2000-01 |
|---|---|---|
| Certification | 69% | 75% |
| Revocations | 37% | 70% |
| BR Modifications | 56% | 70% |
| Proposal Votes | 100% | 75% |

**ANALYSIS**

- The Board is concentrating on developing monitoring processes to facilitate the identification of those files not completed within the performance indicator criteria early enough in the process to apply resources to those areas requiring them.
- In the case of the revocation matters, 16 of the 49 total matters were combined together for hearing purposes. While this amalgamation made sense from the parties' perspective, it resulted in delays in processing that are reflected in a total time to completion of 140 days.
- In the case of the Bargaining Relationship modification matters, 64 of the 192 total matters in the health care sector were combined together for hearing purposes. As the hearing required input from a number of Regional Health Authorities and unions, it resulted in delays in processing that are reflected in a total time to completion of 594 days.
- The average time performance indicators that were developed for this category in the 1999/2000 business plan did not allow for the deviation that one or two files could have on year end statistics. In the Board's 2000/01 Business Plan, performance indicators were developed that will provide benchmarks that are based on a percentage of matters that meet the performance indicator criteria. The new methodology will allow the Board to track its performance based on the majority of its caseload and not one or two anomalies.

## Goal 2: The Board promotes the use of Alternative Dispute Resolution methods to resolve issues before reaching formal hearings.

### STRATEGIES

- Ensure that Board officials develop and maintain the proper facilitation skills needed to create an environment where the resolution of issues can take place.
- Increase the exchange of information between the parties and make them aware of alternative sources of information.
- Educate the labour community on, and promote the use of Alternative Dispute Resolution as an effective resolution tool.

### RESULTS

The following initiatives were implement to help achieve its Alternative Dispute resolution objectives:

- All Board members have attended, or are scheduled to attend, the Alberta Foundation of Justice course.
- All Board officers continue to be engaged in or have completed the Dispute Resolution Program provided by the Alberta Mediation & Arbitration Society and various educational institutions.
- The Board will be changing this performance measure methodology for the next reporting period to include withdrawals that result from Board dispute resolution efforts.

### PERFORMANCE MEASURE

Percentage of applications, where there is Board Alternative Dispute Resolution involvement, that do not go to hearing[24]. This provides an indication of the successful use of Alternative Dispute Resolution methods[25].

| | 1999-00 | Actual 2000-01 | Target 2000-01 |
|---|---|---|---|
| Percentage of applications settled with Board Staff with Alternative Dispute Resolution techniques | 14% | 30% | 31% |

[24] Does not including Certification, Revocation, Strike/lockout matters which are required by legislation to go to hearing.

[25] **Source/Methodology**
The Alberta Labour Relations Board Case Management System tracks all applications and complaints brought before the Board. In this performance measure, the case management system is used to identify the type of resolution associated with the conclusion of each matter. Settlement is defined as closing the file through Board Staff involvement. Drawing data form the Board's "Average Time – Others Category" report, this measure uses the figures from the settlement category and calculates these as a percentage of the total number of matters.

### ANALYSIS

The Board continues to make use of the successful Resolution Conference initiative, which should increase the number of settlements over time.

**Goal 3: Decisions must be clear and timely so the parties can quickly implement the resolution.**

### STRATEGIES

- Minimize the length of time that parties await decisions.
- Continue to develop monitoring reports to identify and priorize the decision writing process.

### PERFORMANCE MEASURE

| | Actual 2000-01 | Target 2000-01 |
|---|---|---|
| Percentage of decisions rendered within 90 calendar days of completion of hearing[25] | 88% | 85% |

### ANALYSIS

The 88% figure surpassed the 2000-01 target. This area was one of the labour relations community's major concerns as identified in the Board's 1999 client satisfaction survey.

## 2000/2001 Highlights

### EMPHASIS ON SETTLEMENT

The Board implemented its Resolution Conference initiative in early 2000 in an effort to obtain a higher success rate on settlements.

- 62% of Resolution Conferences achieved settlement with 8% having partial settlements, 8% receiving case management directives and 22% with no settlement or case management.

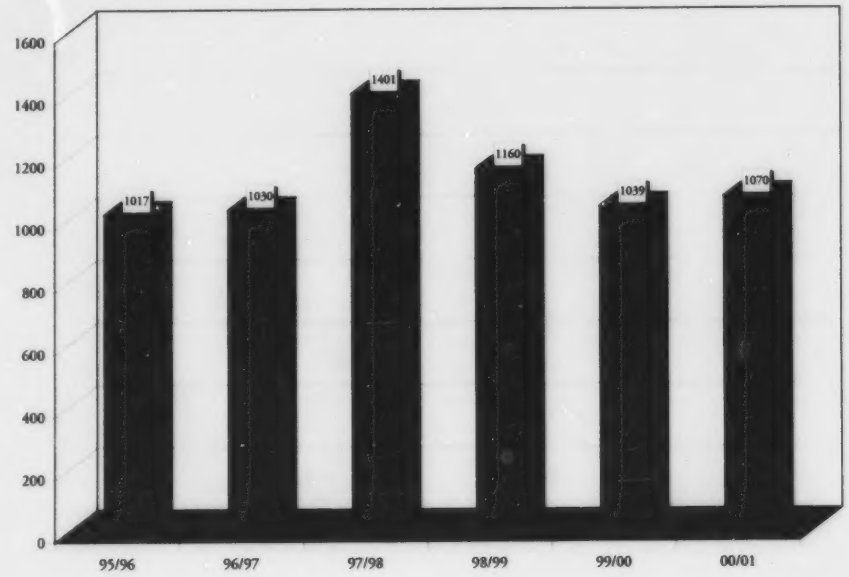
[25] **Source/Methodology**
The Alberta Labour Relations Board Case Management System tracks all data relating to hearings and decision timelines. In this performance measure, the case management system is used to identify the those decisions that meet the reporting period requirements and calculates the duration from the date that a commitment date was input (or the final date of hearing if a commitment is not required) to the date that the decision was released. Those decisions that are completed in 90 days or less are calculated as a percentage of the total number of decisions released during the time reporting period.

## EMPHASIS ON PROCESS

In this reporting period one of the major challenges of the Board was to speed up the delivery of Board services while maintaining the quality of those services.

- 88% of all decisions were rendered within 90 days of the last day of hearing
- The amount of time it takes to get from application date to first scheduled hearing has gone from 110 days in 1998/99 to 74 days in 2000/01. This figure does not include certification, revocation and legal strike and lockout matters.

**Alberta Labour Relations Board – Concluded Cases**



# Workers' Compensation Board

## Workers' Compensation Board

# other financial information – financial statements

**Contents**


- Management Commentary
- Management Responsibility
- Auditor's Report
- Actuaries Report
- Balance Sheet
- Statement of Operations
- Statement of Reserves and Fund Balance
- Statement of Cash Flows
- Notes to Financial Statements
- Schedule A – Salaries and Benefits
- Schedule A1 – Salaries and Benefits

# Workers' Compensation Board

## financial statements

### Management commentary on the financial statements for 2000

#### RESULTS OF OPERATIONS

The overall result is an operating deficit of $52.4 million[1] brought about primarily by claim experience offset in part by increased investment revenue.

In accordance with the revised Funding Policy, the Rate and Benefit Stabilization Reserve has been closed out and the funds transferred to the Fund Balance. The Occupational Disease Reserve was increased by $86.3 million consistent with the revised Funding Policy. The Fund balance at December 31, 2000 is $376.7 million.

The average actual premium rate collected was considerably below the average premium rate required to meet the cost of current year injuries[2] as a result of the investment gains.

#### INVESTMENT ACTIVITIES

Investments held to meet future benefit obligations for past injuries reached $4,116.7 million, an increase of 7.6%. The capital market in 2000 was quite weak resulting in a market return of 5.0% for 2000 compared to 14.7% for the previous year.

#### CLAIM BENEFIT LIABILITIES

Estimated claim benefit liabilities of the corporation increased to $3,226.4 million, an increase of 7.5%. Note 9 to the financial statements provides a reconciliation of the changes to the claim benefit liabilities. There were no material changes in 2000 to the actuarial assumptions or methodology other than as identified in the Actuarial Certificate and Notes 1 and 9.

1. **The operating deficit of $52.4 million can be attributed to the following:**

| | | |
|---|---|---|
| Net investment revenue gain over liability requirements and investment revenue on the fund balance and reserves | $ | 241.1 million |
| Shortfall in premium revenue as a result of actual premium rate ($1.12) being lower than the required premium rate ($1.74) on $34.9 billion in insurable earnings | | (217.6 million) |
| Actuarial adjustments | | (74.7 million) |
| Other items | | (1.2 million) |
| Total | $ | (52.4 million) |

2. **Average Actual Compared to Average Required Premium Rates Per $100 Insurable Earnings**

| Year | Average Actual Premium Rate | Average Rate Required for Full Funding | Difference |
|---|---|---|---|
| 2000 | 1.12 | 1.74 | (0.62) |
| 1999 | 1.06 | 1.64 | (0.58) |
| 1998 | 1.35 | 1.47 | (0.12) |
| 1997 | 1.50 | 1.50 | (0.00) |
| 1996 | 1.50 | 1.49 | 0.01 |
| Average | 1.31 | 1.57 | (0.26) |

## Responsibility for Financial Reporting

The financial statements of the Workers' Compensation Board were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting principles consistent with generally accepted accounting principles in Canada.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded.

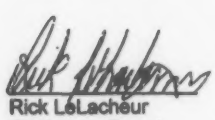
The WCB's actuarial staff performs an annual actuarial valuation of the claim benefit liabilities included in the financial statements of the WCB.

The Board of Directors are responsible for overseeing management in the performance of financial reporting responsibilities and has approved the financial statements included in the Annual Report.

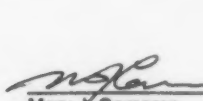
The Board of Directors are assisted in its responsibilities by its Audit Committee. This committee reviews and recommends approval of the financial statements; and meets periodically with management, external auditors, and actuaries concerning internal controls and all other matters relating to financial reporting.

Watson Wyatt has been appointed as the independent consulting actuary to the WCB. Their role is to complete an independent review of the annual actuarial valuation of the claim benefit liabilities included in the financial statements of the WCB and to report thereon in accordance with generally accepted actuarial principles.

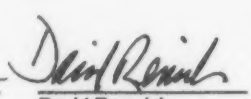
KPMG, the independent auditor of the WCB, has performed an audit of the financial statements of the WCB in accordance with Canadian generally accepted auditing standards. The Auditors' Report outlines the scope of this independent audit and the opinion expressed.



Rick LeLacheur
Chairman, Board
Directors



Mary J. Cameron
President and
Chief Executive Officer



David Renwick
Vice President and Chief
Financial Officer

## Auditor's Report to the Board of Directors of the Workers' Compensation Board – Alberta and the Auditor General of the Province of Alberta

We have audited the balance sheet of Workers' Compensation Board – Alberta (the Board) as at December 31, 2000 and the statement of operations, statement of reserves and fund balance and statement of cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2000 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Edmonton, Canada
March 10, 2001

**TO THE BOARD OF DIRECTORS OF THE WORKERS' COMPENSATION BOARD – ALBERTA**

We have made an independent review of the actuarial valuation of the liabilities for future benefits payable under the Workers' Compensation Act – Alberta as at December 31, 2000 in respect of accidents which have occurred up to that date.

The actuarial valuation has been performed by the Board's actuarial staff and a comprehensive actuarial report has been prepared and provided to the Board. A summary of the net discount rates used in the actuarial valuation are referred to in the notes to the financial statements.

The Board's auditors have made an independent review of the financial data used in the actuarial valuation. We have reviewed the data used for the valuation and have made tests of reasonableness and of consistency with the data used in prior years. In our opinion the data is sufficient and reliable for the purposes of this valuation.

The actuarial valuation of these liabilities in the amount of $3,226,400,000 represents the actuarial present value at December 31, 2000 of all future short term disability benefits, long term disability benefits, survivor benefits, health care payments and rehabilitation payments and expenses of administration which are expected to be made in future years and which relate to claims occurring on or before December 31, 2000. The actuarial valuation does not include benefits or payments that are on a self-insured basis.

The valuation was based on the Workers' Compensation Act in effect as of December 31, 2000 as administered by the Board, and on the current practices and administration procedures of the Workers' Compensation Board and historical claims experience. The disability benefits in respect of accidents in 1995 and subsequent years are different from those applicable to accidents incurred up to December 31, 1994. For valuation purposes the actuarial valuation in respect of accidents after December 31, 1994 has been made on the same actuarial assumptions, methods and benefit levels as are used for accidents incurred up to December 31, 1994.

The actuarial assumptions and methods used are based on the Board's best estimates and take into account current benefits, expenditures and practices, and assume that the Board is a continuing entity underwriting all occupational injuries and diseases in the covered workforce in Alberta.

There are no material changes in actuarial methods and assumptions since the prior valuation.

In our opinion, for the purpose of the valuation, the actuarial assumptions are appropriate and the methods employed are consistent with sound actuarial principles. The valuation report has been prepared, and our opinions have been given in accordance with accepted actuarial practice.

WATSON WYATT & COMPANY

L N. Taylor.

Leslie N. Taylor, F.I.A., F.C.I.A.
Fellow, Canadian Institute of Actuaries

Nancy A. Yake

Nancy A. Yake, F.S.A., F.C.I.A.
Fellow, Canadian Institute of Actuaries

## THE WORKERS' COMPENSATION BOARD – ALBERTA

### BALANCE SHEET

As at December 31, 2000
(thousands of dollars)

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 80,423 | $ 146,614 |
| Receivables (Note 3) | 44,096 | 22,193 |
| Investments (Note 4) | 4,116,677 | 3,827,241 |
| Capital assets (Note 6) | 47,676 | 33,961 |
| | $ 4,288,872 | $ 4,030,009 |
| **LIABILITIES** | | |
| Payables and accruals (Note 7) | $ 47,667 | $ 35,317 |
| Deferred revenue (Note 8) | 416,567 | 342,318 |
| Claim benefit liabilities (Note 9) | 3,226,400 | 3,000,800 |
| Provincial pension plans (Note 10) | – | 963 |
| | 3,690,634 | 3,379,398 |
| **RESERVES AND FUND BALANCE** | | |
| Rate and benefit stabilization reserve | – | 156,600 |
| Occupational disease reserve | 221,500 | 135,200 |
| Fund balance | 376,738 | 358,811 |
| | $ 4,288,872 | $ 4,030,009 |

Commitments (Note 18)

The accompanying notes and schedules are an integral part of the financial statements.

On behalf of the Board of Directors:

RICK LELACHEUR
CHAIRMAN, BOARD OF DIRECTORS

MARY J. CAMERON
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

## THE WORKERS' COMPENSATION BOARD – ALBERTA
### STATEMENT OF OPERATIONS
For the year ended December 31, 2000
(thousands of dollars)

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget | Actual | Actual |
| **REVENUE** | | | |
| Premiums | $ 398,100 | $ 393,771 | $ 354,301 |
| Investment (Note 11) | 360,000 | 428,808 | 415,434 |
| Other (Note 12) | 5,500 | 2,795 | 1,660 |
| | 763,600 | 825,374 | 771,395 |
| **EXPENDITURE** | | | |
| Claim costs (Note 9) | 674,100 | 801,294 | 821,335 |
| Administration (Note 14) | 63,800 | 61,727 | 63,700 |
| Injury reduction (Note 16) | 9,800 | 10,029 | 12,218 |
| Appeals Commission (Note 17) | 4,700 | 4,697 | 4,300 |
| | 752,400 | 877,747 | 901,553 |
| **OPERATING SURPLUS (DEFICIT)** | $ 11,200 | $ (52,373) | $ (130,158) |

The accompanying notes and schedules are an integral part of the financial statements.

## THE WORKERS' COMPENSATION BOARD – ALBERTA
### STATEMENT OF RESERVES AND FUND BALANCE
For the year ended December 31, 2000
(thousands of dollars)

| | 2000 | 1999 |
|---|---|---|
| **RATE AND BENEFIT STABILIZATION RESERVE** | | |
| Balance at beginning of year | $ 156,000 | $ 211,700 |
| Transfer from Fund Balance | (156,000) | (55,100) |
| **BALANCE AT END OF YEAR** | $ – | $ 156,600 |
| **OCCUPATIONAL DISEASE RESERVE** | | |
| Balance at beginning of year | $ 135,200 | $ 121,000 |
| Transfer to Fund Balance | 86,300 | 14,200 |
| **BALANCE AT END OF YEAR** | $ 221,500 | $ 135,200 |
| **FUND BALANCE** | | |
| Balance at beginning of year | $ 358,811 | $ 448,069 |
| Operating Deficit | (52,373) | (130,158) |
| Transfers to Reserves | 70,300 | 40,900 |
| **BALANCE AT END OF YEAR** | $ 376,738 | $ 358,811 |

The accompanying notes and schedules are an integral part of the financial statements.

## THE WORKERS' COMPENSATION BOARD – ALBERTA
### STATEMENT OF CASH FLOWS
For the year ended December 31, 2000
(thousands of dollars)

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget | Actual | Actual |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Cash received from: | | | |
| Employers | $ 397,700 | $ 373,545 | $ 343,554 |
| Dividends and interest | 117,000 | 162,628 | 108,589 |
| Other income | 6,500 | 1,906 | 1,926 |
| | 521,200 | 538,079 | 454,069 |
| Cash paid to: | | | |
| Claimants, or third parties on claimants behalf | 438,100 | 494,624 | 396,770 |
| Employees and suppliers for administrative and other goods and services | 137,500 | 125,880 | 121,102 |
| Injury reduction | 12,400 | 12,487 | 12,236 |
| | 588,000 | 632,991 | 530,108 |
| Net cash provided from (used for) operating activities | (66,800) | (94,912) | (76,039) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Cash received from: | | | |
| Sale and maturity of investments | 525,000 | 683,127 | 415,680 |
| Cash paid for: | | | |
| Purchase of investments | 424,200 | 632,134 | 278,283 |
| Purchase of capital assets, net | 34,000 | 22,272 | 16,208 |
| | 458,200 | 654,406 | 294,491 |
| Net cash provided from (used for) investing activities | 66,800 | 28,721 | 121,189 |
| **NET INCREASE (DECREASE IN CASH)** | – | (66,191) | 45,150 |
| Cash at beginning of year | 110,000 | 146,614 | 101,464 |
| **CASH AT END OF YEAR** | $ 110,000 | $ 80,423 | $ 146,614 |

The accompanying notes and schedules are an integral part of the financial statements.

## THE WORKERS' COMPENSATION BOARD – ALBERTA
### NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000
(thousands of dollars)

### 1. GENERAL

**Legislative Authority**

The Workers' Compensation Board (WCB) operates under the authority of the Workers' Compensation Act, Statutes of Alberta 1981, Chapter W-16, as amended.

**Vision and Mission**

The Vision of the WCB is "Albertans working – a safe, healthy and strong Alberta".

The Mission of the WCB is "The WCB – Alberta, working together with our partners, will significantly and measurably reduce the impact of workplace illness and injury on Albertans".

**Funding Policy**

Consistent with Section 85 of the Workers' Compensation Act, the Board of Directors established a funding policy to ensure for the benefit of its stakeholders the WCB remains financially stable and secure into the future. To this end the Rate and Benefit Stabilization Reserve was created. Its purpose is to provide for the costs that may arise from extraordinary events which may otherwise unfairly burden employers in the short term, jeopardize benefits to injured workers, or prevent full funding. An Occupational Disease Reserve was created to provide for the costs that may arise from latent occupational diseases where a causal link to the workplace has not yet been established but may be established in the future. The funding policy also stipulates a Fund Balance to recognize the degree of uncertainty in the business of workers' compensation. Effective August 1, 2000, the Board of Directors approved the revision to the Funding Policy to combine the Rate and Benefit Stabilization Reserve into the Fund Balance and to increase the Occupational Disease Reserve. This revision did not impact the previously approved overall funding level.

**Claim Benefit Liabilities**

Claim benefit liabilities are independently reviewed by an external actuary as at December 31, 2000 and represent the actuarial present value of all future benefit payments expected to be made for claims which have occurred in respect of current and prior years' injuries.

These benefits are expressed in constant dollars discounted at 4.0% per annum, being the difference between expected investment earnings and expected increases in benefit payments, except for non-wage related temporary disability payments which are discounted at 3.5%, rehabilitation and claim administration costs which are discounted at 2.5% (3.5% in 1999) and health care costs which are ultimately discounted at 0.5% to reflect expected higher increases in health care costs and utilization.

The claim benefit liabilities include provision for all benefits provided by current legislation, policies and administrative practices. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period.

The actuarial liabilities of the WCB are of a long-term nature and therefore the actuarial assumptions and methods used to calculate the reported actuarial liabilities at December 31, 2000 are based on considerations of future expenditures over the long term. It is reasonably possible that changes in future conditions within one year of the financial statement date could require a change in the recognized amounts.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

### Cash

Cash and cash equivalents are funds consisting of cash and money market instruments with maturities up to 3 months.

Cash and short term investments held in the investment portfolio for trading purposes are excluded from cash and cash equivalents reported on the balance sheet.

### Investments

Fixed term investments are stated at amortized cost. Gains and losses realized on disposal of fixed term investments are deferred and amortized on the straight-line basis over a period which approximates the average remaining term to maturity of the fixed term investments sold. Equity and real estate investments are stated at moving average market value. Gains and losses realized on disposal of equity and real estate investments together with unrealized gains and losses occurring during the year, are deferred and amortized on the straight-line basis over five years.

### Derivative Financial Instruments

Derivative financial instruments are financial contracts whose price is dependent on the price of one or more underlying securities, reference rates or indices. Derivative products include interest rate swaps, equity and bond index swaps, forward foreign exchange contracts, and cross currency interest rate swaps. These products are traded by the WCB for income enhancement and can be used to hedge interest rate and foreign currency exposures. Interest rate swap and forward foreign exchange contract notional amounts are not recognized in the financial statements. Index swaps are recorded at moving average market value or amortized cost based on the nature of the index used. Cross currency interest rate swaps are recorded at amortized cost.

Interest rate swaps are transactions in which two parties exchange interest rates on a specified notional amount for a predetermined period. Interest income is recognized in the year.

Equity and bond index swaps are agreements to exchange cash flows based on the return of a specified equity or bond index. Income is recognized in the year.

Forward foreign exchange contracts represent commitments to exchange two currencies at a specified future date based on a rate agreed to by both parties at the inception of the contract. Foreign exchange gains and losses are recognized in the year as income.

Cross-currency interest rate swaps exchange fixed for floating interest rates, or one fixed currency for another fixed currency interest rate, and exchange the foreign currency for Canadian currency.

### Fair Value

The carrying value of cash, receivables and payables and accruals approximate their fair value due to the relatively short periods to maturity of the instruments. The fair value of investments is market value. The market value of publicly traded investments is based on quoted market prices. The market value of privately held debt, equity and real estate investments is based on discounted future cash flows or independent appraisals. The market or replacement value of swaps and options is determined by the net unrealized gains or losses, accrued interest receivable or payable and premiums paid or received. The market value of cross currency interest rate swaps includes both the market value of the underlying bond, and the market value of the swap.

### Foreign Currency Translation

Assets and liabilities, with the exception of investments, denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. The foreign currency exchange gains and losses for investments are recorded in the same manner as other investment gains and losses.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the WCB's management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods presented. Actual results could differ from the estimates made by management. Claim benefit liabilities, reserve for occupational disease and accrued premiums are the most significant items which reflect estimates in these financial statements.

### Capital Assets

Capital assets are reported at cost and are amortized over their estimated useful lives. Amortization is provided using the following methods and annual rates:

| | | |
|---|---|---|
| Buildings | | 2 1/2% straight-line |
| Equipment | • computer | 35% diminishing balance |
| | • furniture and other | 15% diminishing balance |
| | • vehicles | 20% straight-line |
| Computer software | | 20% straight-line |

## 3. RECEIVABLES

| | 2000 | 1999 |
|---|---|---|
| Premiums | $ 21,578 | $ 5,647 |
| Accrued Premiums | 16,968 | 12,673 |
| Other | 5,550 | 3,873 |
| | $ 44,096 | $ 22,193 |

## 4. INVESTMENTS

| | 2000 | | 1999 | |
|---|---|---|---|---|
| | Book Value | Market Value | Book Value | Market Value |
| Cash | $ 29,589 | $ 30,855 | $ 14,331 | $ 14,331 |
| Fixed Term: | | | | |
| Short Term | 70,191 | 70,109 | 51,688 | 52,004 |
| Long Term | 1,731,203 | 1,822,027 | 1,534,370 | 1,549,264 |
| | 1,801,394 | 1,892,136 | 1,586,058 | 1,601,268 |
| Real estate | 122,054 | 128,733 | 112,868 | 121,691 |
| Equities: | | | | |
| Domestic | 787,113 | 828,923 | 891,234 | 973,147 |
| Foreign | 1,376,527 | 1,419,431 | 1,222,750 | 1,586,109 |
| | 2,163,640 | 2,248,354 | 2,113,984 | 2,559,256 |
| | $ 4,116,677 | $ 4,300,078 | $ 3,827,241 | $ 4,296,546 |

## 5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT ACTIVITIES

### Derivative Financial Instruments

| | 2000 | | 1999 | |
|---|---|---|---|---|
| | Notional Amount | Replacement Value | Notional Amount | Replacement Value |
| Interest rate swaps | $ 73,741 | $ (1,632) | $ 94,237 | $ (1,613) |
| Forward foreign exchange contracts | 87,384 | 1,274 | 31,061 | 29 |
| Equity index swaps | 175,735 | (4,544) | 302,525 | 18,142 |
| Bond index swaps | 120,713 | 746 | 223,071 | (1,485) |
| | 457,573 | (4,156) | 650,894 | 15,073 |
| Par value of cross-currency interest rate swaps | 230,046 | – | 266,326 | – |
| | $ 687,619 | $ (4,156) | $ 917,220 | $ 15,073 |

As at December 31, 2000, the market value of the cross-currency interest rate swaps and the underlying bonds is $231,976 (1999: $264,498).

| | Remaining Term to Maturity | | | | | |
|---|---|---|---|---|---|---|
| Notional Principal | Within 1 Year | Over 1 to 3 Years | Over 3 to 5 Years | Over 5 Years | Total 2000 | Total 1999 |
| Interest rate swaps | $ 30,284 | $ 32,022 | $ 9,808 | $ 1,627 | $ 73,741 | $ 94,237 |
| Forward foreign exchange contracts | 87,384 | – | – | – | 87,384 | 31,061 |
| Equity index swaps | 175,735 | – | – | – | 175,735 | 302,525 |
| Bond index swaps | 103,578 | 17,135 | – | – | 120,713 | 223,071 |
| Cross-currency interest rate swaps | 1,125 | 116,043 | 34,476 | 78,402 | 230,046 | 266,326 |
| | $ 398,106 | $ 165,200 | $ 44,284 | $ 80,029 | $ 687,619 | $ 917,220 |

Notional principal amounts are the basis upon which payments are made and are not indicative of the credit exposure with derivative products. On the other hand, as described in Note 2, the replacement value is determined by the net unrealized gains or losses, accrued interest receivable or payable and premiums paid or received. If the counterparty to the derivative fails to discharge their obligation, then the replacement value is the credit exposure of the WCB.

### Credit Risk Management

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument fails to perform. Counterparties for derivative contracts will have at least an AA credit rating. The issuer for fixed term investments will have at least a BBB credit rating. Specific rules have been established to ensure the credit rating of a counterparty does not fall below a threshold deemed acceptable by the WCB. The WCB does not anticipate that any counterparties will fail to meet their obligations.

The WCB invests in publicly and privately traded shares and bonds available on domestic and foreign exchanges. These shares and bonds are affected by market changes and fluctuations. The WCB does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

The WCB may lend any of its investments to third parties provided the loans are secured by cash or readily marketable securities having a market value of 105% of the loan. As of December 31, 2000 secured loans amounted to $243,393 ($239,754 in 1999).

**Foreign Exchange Risk Management**

The WCB has certain obligations and investments denominated in foreign currencies. The WCB does not undertake long term hedging strategies for the currency risk of foreign investments. The WCB undertakes long term investment strategies; however, currency fluctuations may affect short term returns. These fluctuations are not expected to affect the long term position of the investment portfolio. As of December 31, 2000 forward foreign exchange contracts amounted to $87,400 ($31,100 in 1999).

**Interest Risk Management**

Fluctuations in interest rates are managed by actively managing the duration of the fixed income portfolio. The WCB also enters into various types of interest rate contracts in managing interest rate risk. The table below represents the remaining term to maturity of the WCB's outstanding fixed term investments.

| | Remaining Term to Maturity | | | | |
|---|---|---|---|---|---|
| Market Value | Within 1 Year | Over 1 Year To 5 Years | Over 5 Years | Total 2000 | Total 1999 |
| Fixed Term Investments | $ 70,109 | $ 644,331 | $ 1,177,696 | $ 1,892,136 | $ 1,549,264 |

The fixed term investments include bonds, debentures, and other interest bearing instruments. The average effective yield of these fixed term investments, excluding the investment in real return bonds, is 5.95% (1999: 6.45%) per annum based on market value.

## 6. CAPITAL ASSETS

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Land | $ 1,119 | $ – | $ 1,119 | $ 1,119 |
| Buildings | 25,796 | (14,313) | 11,483 | 11,221 |
| Equipment | 6,779 | (2,326) | 4,453 | 4,329 |
| Computer software | 67,040 | (36,419) | 30,621 | 17,292 |
| | $ 100,734 | $ (53,058) | $ 47,676 | $ 33,961 |

## 7. PAYABLES AND ACCRUALS

| | 2000 | 1999 |
|---|---|---|
| Accrued staff benefits | $ 13,589 | $ 10,334 |
| Voluntary Incentive Plan | – | 2,716 |
| Partners In Injury Reduction | 15,897 | – |
| Other | 18,181 | 22,267 |
| | $ 47,667 | $ 35,317 |

## 8. DEFERRED REVENUE

| | Deferred Realized Gains (Losses) | | | |
|---|---|---|---|---|
| | 2000 | | | 1999 |
| | Fixed Term | Equities | Total | Total |
| 2001 | $ 15,179 | $ 147,243 | $ 162,422 | $ 213,266 |
| 2002 | 14,500 | 104,605 | 119,105 | 61,059 |
| 2003 | 12,015 | 59,432 | 71,447 | 36,047 |
| 2004 | 12,042 | 23,246 | 35,288 | 10,642 |
| 2005 – 2009 | 28,305 | – | 28,305 | 21,304 |
| | $ 82,041 | $ 334,526 | $ 416,567 | $ 342,318 |

## 9. CLAIM BENEFIT LIABILITIES

| | 2000 | | | | | | | 1999 |
|---|---|---|---|---|---|---|---|---|
| | Short Term Disability | Long Term Disability | Survivor Benefits | Health Care | Rehab-ilitation | Claim Admin-istration | Total | Total |
| BALANCE, BEGINNING OF YEAR | $ 513,000 | 1,222,300 | 460,400 | 557,500 | 89,900 | 157,700 | $ 3,000,800 | $ 2,652,000 |
| Add: | | | | | | | | |
| Claim costs incurred: | | | | | | | | |
| Current year injuries | 169,761 | 89,762 | 20,696 | 154,688 | 25,728 | 71,599 | 532,234 | 436,256 |
| Prior years' injuries | 46,692 | 91,111 | 29,323 | 66,691 | 24,009 | 11,234 | 269,060 | 385,079 |
| | 216,453 | 180,873 | 50,019 | 221,379 | 49,737 | 82,833 | 801,294 | 821,335 |
| | 729,453 | 1,403,173 | 510,419 | 778,879 | 139,637 | 240,533 | 3,802,094 | 3,473,335 |
| Deduct: | | | | | | | | |
| Claim payments made: | | | | | | | | |
| Current year injuries | 69,761 | 518 | 902 | 51,788 | 1,628 | 19,499 | 144,096 | 122,548 |
| Prior years' injuries | 119,492 | 92,755 | 71,017 | 77,691 | 24,709 | 45,934 | 431,598 | 349,987 |
| | 189,253 | 93,273 | 71,919 | 129,479 | 26,337 | 65,433 | 575,694 | 472,535 |
| BALANCE, END OF YEAR | $ 540,200 | $ 1,309,900 | $ 438,500 | $ 649,400 | $ 113,300 | $ 175,100 | $ 3,226,400 | $ 3,000,800 |

Claim payments for health care include reimbursement of $1,266 ($4,238 in 1999) to Alberta Health for basic health services for injured workers.

The following is a reconciliation of the claim benefit liabilities:

| | 2000 | 1999 |
|---|---|---|
| Balance at beginning of year | $ 3,000,800 | $ 2,652,000 |
| Add: | | |
| Provision for current year injuries | 388,137 | 313,708 |
| Interest allocated | 187,700 | 173,700 |
| Revision to compensation policies: | | |
| Services to severely injured | – | 33,000 |
| Chronic pain syndrome | – | 13,000 |
| Delayed fatalities | – | 1,700 |
| Revision to compensation procedures: | | |
| Earning loss supplements | – | 10,300 |
| Remarried spouses | – | 80,000 |
| Difference between actual and expected long term cost of living adjustments | 2,600 | (36,400) |
| Claim cost experience higher (lower) than expected | 79,800 | 139,466 |
| | 3,659,037 | 3,380,474 |
| Deduct: | | |
| Payments, for prior years' injuries, excluding self-insured employers | 424,937 | 344,374 |
| Revision to actuarial methodology | 7,700 | 35,300 |
| Balance at end of year | $ 3,226,400 | $ 3,000,800 |

## 10. PROVINCIAL PENSION PLANS

The WCB participates in multiemployer pension plans being the Public Service Pension Plan and the Management Employees' Pension Plan. The expense for these pension plans is equivalent to the annual contributions of $2,772 for the year ended December 31, 2000 (1999 – $2,124).

The WCB's portion of the unfunded pension liability for the Management Employees' Pension Plan as at December 31, 2000, as determined by the Provincial Treasurer, is as follows:

| | 2000 | 1999 |
|---|---|---|
| Management Employees Pension Plan | $ – | $ 963 |

## 11. INVESTMENT REVENUE

| | 2000 | 1999 |
|---|---|---|
| Dividends and interest | | |
| Fixed term | $ 128,721 | $ 88,517 |
| Equity | 27,716 | 14,857 |
| Real Estate | 6,863 | 6,151 |
| | 163,300 | 109,525 |
| Add: | | |
| Amortized realized and unrealized gains | 266,180 | 306,845 |
| | 429,480 | 416,370 |
| Deduct: | | |
| Investment related administration expenditures | 672 | 936 |
| | $ 428,808 | $ 415,434 |

## 12. OTHER REVENUE

| | 2000 | 1999 |
|---|---|---|
| Millard Centre (Note 13) | $ 1,175 | $ (117) |
| Access to information | 670 | 565 |
| Prejudgment interest | 504 | 718 |
| Legal consultation | 394 | 430 |
| Other | 52 | 64 |
| | $ 2,795 | $ 1,660 |

## 13. MILLARD CENTRE

| | 2000 | 1999 |
|---|---|---|
| Revenue | | |
| Charged to health care claim costs | $ 15,638 | $ 11,974 |
| Non-WCB treatment services | 286 | 149 |
| | 15,924 | 12,123 |
| Expenditures | | |
| Salaries and employee benefits | 10,692 | 9,158 |
| Consulting fees | 1,640 | 1,128 |
| Office and communications | 1,199 | 913 |
| Building operations | 968 | 935 |
| Travel and vehicle operations | 212 | 60 |
| Amortization of capital assets | 38 | 46 |
| | 14,749 | 12,240 |
| Operating Surplus (Deficit) | $ 1,175 | $ (117) |

## 14. ADMINISTRATION EXPENDITURES

| | 2000 | 1999 |
|---|---|---|
| Salaries and employee benefits (Schedule A) | $ 84,505 | $ 76,388 |
| Office and communications | 18,728 | 18,707 |
| Consulting fees | 10,415 | 12,082 |
| Amortization of capital assets | 8,468 | 15,434 |
| Building operations | 4,133 | 4,193 |
| Travel and vehicle operation | 1,367 | 1,381 |
| Other | 106 | 94 |
| | 127,722 | 128,279 |
| Deduct: | | |
| Claim administration costs | 65,433 | 63,791 |
| Charged to investment revenue | 562 | 788 |
| | $ 61,727 | $ 63,700 |

## 15. SELF-INSURED EMPLOYERS

These financial statements include the effects of transactions carried out for self-insured employers who directly bear the cost of their workers' claims and an appropriate share of administration expenditures. Currently, the Federal Government is the only self-insurer. This is a contractual relationship in accordance with the Government Employees Compensation Act. Certain government related entities and railways are responsible for the cost of injuries to their workers which occurred when they were self-insured in prior years. Aggregate amounts of such premiums and offsetting expenditures are contained in the Statement of Operations as follows:

| | 2000 | 1999 |
|---|---|---|
| Premium revenue | $ 7,558 | $ 6,439 |
| Claim costs incurred: | | |
| Short term disability | $ 1,644 | $ 1,515 |
| Long term disability | 1,751 | 1,590 |
| Survivor benefits | 1,067 | 637 |
| Health care | 1,713 | 1,421 |
| Rehabilitation | 166 | 142 |
| | 6,341 | 5,305 |
| Administration expenditures | 1,217 | 1,134 |
| | $ 7,558 | $ 6,439 |

## 16. INJURY REDUCTION

| | 2000 | 1999 |
|---|---|---|
| Occupational Health & Safety | $ 6,000 | $ 6,000 |
| Safety Associations | 4,393 | 3,648 |
| Voluntary Incentive Plan | (364) | 2,570 |
| | $ 10,029 | $ 12,218 |

The WCB has a statutory obligation to reimburse the Provincial Treasurer a portion of the costs associated with occupational health and safety.

Funding is provided to industry sponsored safety associations for the purpose of improving the workplace.

The Voluntary Incentive Plan is based on the premise that injuries, and in turn claim costs, can be reduced through health and safety management. Financial incentives are provided to employers who reduce claim costs. 1999 was the last year of the Voluntary Incentive Plan. It has been replaced with the Partners in Injury Reduction Program which is netted against premium revenue.

## 17. APPEALS COMMISSION

The Appeals Commission is a separate legal entity whose operating costs are paid by the WCB from the Accident Fund in accordance with Section 6 of the Workers' Compensation Act. The Appeals Commission is managed separately from the WCB.

## 18. COMMITMENTS

A number of operating leases exist for computer equipment and office space. The following is a schedule of future lease payments to be charged to administration expenditures:

| | | |
|---|---|---|
| 2001 | $ | 4,716 |
| 2002 | | 2,381 |
| 2003 | | 1,704 |
| 2004 | | 439 |
| Beyond | | 3,884 |
| | $ | 13,124 |

## 19. BUDGET

The Board of Directors approved the budget in October, 1999. The budget is presented for comparison with the 2000 actual figures.

## 20. COMPARATIVE FIGURES

The 1999 figures are reclassified where necessary to conform to 2000 presentation.

## THE WORKERS' COMPENSATION BOARD – ALBERTA
### SALARIES AND BENEFITS
December 31, 2000

**Schedule A**

| | 2000 | | | | | 1999 | |
|---|---|---|---|---|---|---|---|
| | Number of Individuals | Salary [1] | Benefits [2][3] | Other | Total | Number of Individuals | Total |
| Chairman, Board of Directors [4] | 1 | $ 70,604 | $ 1,330 | $ – | $ 71,934 | 1 | $ 56,520 |
| Board Members [4] | 9 | 166,612 | 5,092 | – | 171,704 | 9 | 168,669 |
| | 10 | 237,216 | 6,422 | – | 243,638 | 10 | 225,189 |
| President and Chief Executive Officer | 1 | 321,101 [5] | 32,277 [6] | – | 353,378 | 1 | 355,699 |
| Vice President, Customer Service & Disability Management | 1 | 203,169 | 26,183 | – | 229,352 | 1 | 215,325 |
| Vice President, Customer Service & Risk Management | 1 | 179,688 | 25,105 | – | 204,793 | 1 | 199,234 |
| Vice President and Chief Financial Officer | 1 | 190,031 | 25,889 | – | 215,920 | 1 | 263,659 |
| Vice President, Business Development & Information Management | 1 | 191,173 | 29,195 | – | 220,367 | 1 | 160,873 [7] |
| Secretary & General Counsel | 1 | 180,406 | 27,225 | – | 207,631 | 1 | 197,120 |
| Vice President & Chief Information Officer | 0 | 20,546 [8] | 16,644 | – | 37,190 | 1 | 185,125 |
| | 6 | 1,286,113 | 182,517 | – | 1,468,630 | 7 | 1,577,035 |
| Full-Time Staff: [2000 – $54,288, 1999 – $51,983] | 1,598 | 75,811,997 | 10,940,778 | – | 86,752,775 | 1,567 | 81,457,334 |
| Termination Benefits | – | – | – | 2,344,044 [9] | 2,344,044 | – | 1,304,452 |
| Long-Term Disability | – | – | – | 3,251,611 [10] | 3,251,611 | – | 854,390 |
| Provincial Pension Plans | – | – | – | (963,178) [11] | (963,178) | – | (1,995,713) |
| Other Staff Related Expenses | – | – | – | 2,100,114 [12] | 2,100,114 | – | 2,124,031 |
| Less: Salaries & Benefits for the Millard centre | | (9,156,136) | (1,535,933) | – | (10,692,069) | | (9,158,472) |
| Administration – Salaries & Benefits [13] | | $ 68,179,190 | $ 9,593,784 | $ 6,732,591 | $ 84,505,566 | | $ 76,388,246 |

(1) Salary includes regular base pay, special incentive pay, overtime, performance awards, vacation pay, honoraria and contractor's fees.

(2) Employer's share of employee benefits and contributions or payments made to or on behalf of employees. It is comprised of Canada Pension Plan, Employment Insurance, Public Service and Management pension plans, medical benefits, group life insurance, disability plans, employee and family assistance plan, professional memberships and tuition, long service, suggestion and retirement awards, and vacation payout.

(3) No amount included in benefits and allowances for; car allowances, car insurance, or the value of parking and interest-free loans.

(4) The Chairman of the Board of Directors and Board Members are part time positions.

(5) Salary includes base salary of $256,267.00 and measured variable pay for performance of $64,834.00.

(6) The President and Chief Executive Officer does not participate in the Public Service Benefit Plan. The Board of Directors has provided her with an amount in lieu of pension paid directly.

(7) The appointment to the position was effective April 1999.

(8) The position was abolished effective February 2000.

(9) Termination benefits include retiring allowances, accrued sick leave and other settlement costs due to loss of employment. Included in the termination benefits is $187,500 paid to the Vice President & Chief Information Officer.

(10) The adjustment to the liability for long-term disability claims reflects changes to the actuarial present value of all future payments expected to be made for claims which have occurred in current and prior years.

(11) Represents adjustments to Provincial Pension Plan Liabilities.

(12) Other staff related expenses include recruitment costs, seminars, conventions and conferences, staff and association luncheons and meetings, in-house training programs, retirees benefits and relocation costs.

(13) Excluded from this total is the Appeals Commission as it is a separate legal entity. See Schedule A-1 for details.

**APPEALS COMMISSION**
**SALARIES AND BENEFITS**
December 31, 2000

**Schedule A-1**

| | 2000 | | | | | 1999 | |
|---|---|---|---|---|---|---|---|
| | Number of Individuals | Salary [1] | Benefits [2][3] | Other | Total | Number of Individuals | Total |
| Chief Appeals Commissioner | 1 | $ 120,959 | $ 19,020 | $ – | $ 139,979 | 1 | $ 125,628 |
| Full Time Commissioners | 9 | 588,708 | 111,103 | – | 699,811 | 7 | 548,920 |
| Temporary Appeals Commissioners | 28 | 675,218 | 16,660 | – | 691,878 | 26 | 594,854 |
| | 38 | 1,384,885 | 146,783 | – | 1,531,668 | 34 | 1,269,402 |
| Other Full Time Staff (2000 – $55,399, 1999 – $51,593) | 39 | 1,911,137 | 249,413 | – | 2,160,550 | 39 | 1,998,163 |
| Termination Benefits | – | – | – | – | – | – | – |
| Long-Term Disability | – | – | – | – | – | – | – |
| Other Staff Related Expenses | – | – | – | 9,132 | 9,132 [4] | – | 35,399 |
| **TOTAL** | | $ 3,296,022 | $ 396,196 | $ 9,132 | $ 3,701,350 | | $ 3,302,964 |

The Appeals Commission is a separate legal entity funded by the accident fund but administered separately from the Workers' Compensation Board.

(1) Salary includes regular base pay, special incentive pay, overtime, performance awards, vacation pay, honoraria and contractor's fees.

(2) Employer's share of employee benefits and contributions or payments made to or on behalf of employees. It is comprised of Canada Pension Plan, Employment Insurance, Public Service and Management pension plans, medical benefits, group life insurance, disability plans, employee and family assistance plan, professional memberships and tuition, long service, suggestion and retirement awards, and vacation payout.

(3) No amount included in benefits and allowances for; car allowances, car insurance, or the value of parking and interest-free loans.

(4) Other staff related expenses include recruitment costs, seminars, conventions and conferences, staff and association luncheons and meetings, in-house training programs, retirees benefits and relocation costs.

# Appendices

# Appendix 1

## Dropped Performance Measures

| Measure | Rationale |
|---|---|
| Total number of learners awarded financial assistance to attend employment/training programs and the total amount (dollars) awarded | This indicator is no longer relevant as a key measure of the Goals identified for the 2000-2003 Business Plan. |
| Number of youth participating in employment/training programs and employment rate of participants | This indicator is no longer relevant as a key measure of the Goals identified for the 2000-2003 Business Plan. |
| Career and labour market information and services provided to youth | This indicator is no longer relevant as a key measure of the Goals identified for the 2000-2003 Business Plan. |
| Use of career and labour market information services | This indicator is no longer relevant as a key measure of the Goals identified for the 2000-2003 Business Plan. |
| Workplace climate *Person-days lost to injury or disease:*<br>(a) Number of person-days lost to injury or disease per 10,000 person-days worked<br>(b) Interprovincial ranking of person-days lost to injury and disease | This measure continues to be part of the Workplace Climate Measure in the Government Business Plan and Measuring Up. |
| Workplace climate *Person-days lost to work stoppages:*<br>(a) Number of person-days lost to work stoppages per 10,000 person-days worked<br>(b) Interprovincial ranking of person-days lost to work stoppage | This measure continues to be part of the Workplace Climate Measure in the Government Business Plan and Measuring Up. |
| Lost Time Claim Rate | This indicator is no longer relevant as a key measure of the Goals identified for the 2000-2003 Business Plan. |
| Proportion of employment initiative program graduates not receiving SFI benefits 12 months after graduation or placement | This indicator is no longer relevant as a key measure of the Goals identified for the 2000-2003 Business Plan. |
| Proportion of single parent SFI files with child support orders or agreements | This indicator is no longer relevant as a key measure of the Goals identified for the 2000-2003 Business Plan. |
| Duration of SFI benefits for clients expected to work | This indicator is no longer relevant as a key measure of the Goals identified for the 2000-2003 Business Plan. |

# Appendix 2

## Ministry Acts

| | |
|---|---|
| **Income and Employment Programs (I&EP) and Career Development (CD)** | Assured Income for the Severely Handicapped Act (AISH)<br>Government Organization Act (GOA)*<br>Income Support Recovery Act<br>Parentage and Maintenance Act<br>Social Development Act<br>Student and Temporary Employment Act<br>Widows' Pension Act<br><br>*Only section 2 of Schedule 3 and Schedule 8 under the GOA are administered by AHRE. |
| **Office of the Public Guardian** | Dependent Adults Act<br>Personal Directives Act |
| **Workplace Health And Safety (WHS)** | Employment Standards Code<br>Occupational Health and Safety Act<br>Radiation Protection Act |
| **Professions and Occupations (P&O)** | Agrologists Act<br>Architects Act<br>Certified General Accountants Act<br>Certified Management Accountants Act<br>Chartered Accountants Act<br>Consulting Engineers of Alberta Act<br>Engineering, Geological and Geophysical Professions Act<br>Forestry Profession<br>Land Agents Licensing Act<br>Land Surveyors Act<br>Professional and Occupational Associations Registration Act<br>Veterinary Profession Act |
| **Alberta Labour Relations Board (ALRB)** | Burial of the Dead Act<br>Labour Relations Code<br>Managerial Exclusion Act<br>Police Officers Collective Bargaining Act<br>Public Service Employee Relations Act |
| **Personnel Administration Office (PAO)** | Public Service Act |
| **Workers' Compensation Board (WCB)** | Blind Workers' Compensation Act<br>M.L.A. Compensation Act<br>Workers' Compensation Act |

## ALPHABETICAL LIST OF ENTITIES' FINANCIAL INFORMATION IN MINISTRY 2000-01 ANNUAL REPORTS

### ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

| Ministry, Department, Fund or Agency | Ministry Annual Report |
|---|---|
| Agriculture Financial Services Corporation | Agriculture, Food and Rural Development |
| Alberta Alcohol and Drug Abuse Commission | Health and Wellness |
| Alberta Dairy Control Board | Agriculture, Food and Rural Development |
| Alberta Energy and Utilities Board | Resource Development |
| Alberta Foundation for the Arts | Community Development |
| Alberta Gaming and Liquor Commission | Gaming |
| Alberta Government Telephones Commission, The | Treasury |
| Alberta Heritage Foundation for Medical Research Endowment Fund | Treasury |
| Alberta Heritage Savings Trust Fund | Treasury |
| Alberta Heritage Scholarship Fund | Treasury |
| Alberta Heritage Science and Engineering Research Endowment Fund | Treasury |
| Alberta Historical Resources Foundation, The | Community Development |
| Alberta Informatics Circle of Research Excellence Inc. (iCORE) | Innovation and Science |
| Alberta Insurance Council | Treasury |
| Alberta Municipal Financing Corporation | Treasury |
| Alberta Opportunity Company | Agriculture, Food and Rural Development |
| Alberta Pensions Administration Corporation | Treasury |
| Alberta Petroleum Marketing Commission | Resource Development |
| Alberta Research Council Inc. | Innovation and Science |
| Alberta Risk Management Fund | Treasury |
| Alberta School Foundation Fund | Learning |
| Alberta Science and Research Authority | Innovation and Science |
| Alberta Securities Commission | Treasury |
| Alberta Social Housing Corporation | Community Development |
| Alberta Sport, Recreation, Parks and Wildlife Foundation | Community Development |
| Alberta Treasury Branches | Treasury |
| ATB Investment Services Inc. | Treasury |
| Child and Family Services Authorities:<br>Awasak Child and Family Services Authority<br>Calgary Rocky View Child and Family Services Authority<br>Child and Family Services Authority Region 13<br>Child and Family Services Authority Region 14<br>Diamond Willow Child and Family Services Authority<br>Hearthstone Child and Family Services Authority<br>Keystone Child and Family Services Authority<br>Ma'Mowe Capital Region Child and Family Services Authority<br>Métis Settlements Child and Family Services Authority<br>Neegan Awas'sak Child and Family Services Authority<br>Ribstone Child and Family Services Authority<br>Sakaigun Asky Child and Family Services Authority<br>Sakaw-Askiy Child and Family Services Authority<br>Silver Birch Child and Family Services Authority<br>Southeast Alberta Child and Family Services Authority<br>Sun Country Child and Family Services Authority<br>West Yellowhead Child and Family Services Authority<br>Windsong Child and Family Services Authority | Children's Services |

| Ministry, Department, Fund or Agency | Ministry Annual Report |
|---|---|
| Credit Union Deposit Guarantee Corporation | Treasury |
| Crop Reinsurance Fund of Alberta | Agriculture, Food and Rural Development |
| Department of Agriculture, Food and Rural Development | Agriculture, Food and Rural Development |
| Department of Children's Services | Children's Services |
| Department of Community Development | Community Development |
| Department of Environment | Environment |
| Department of Gaming | Gaming |
| Department of Health and Wellness | Health and Wellness |
| Department of Innovation and Science | Innovation and Science |
| Department of Justice | Justice |
| Department of Learning | Learning |
| Department of Resource Development | Resource Development |
| Department of Treasury | Treasury |
| Environmental Protection and Enhancement Fund | Environment |
| Gainers Inc. | Treasury |
| Government House Foundation, The | Community Development |
| Historic Resources Fund | Community Development |
| Human Rights, Citizenship and Multiculturalism Education Fund | Community Development |
| Lottery Fund | Gaming |
| Ministry of Agriculture, Food and Rural Development | Agriculture, Food and Rural Development |
| Ministry of Children's Services | Children's Services |
| Ministry of Community Development | Community Development |
| Ministry of Economic Development | Economic Development |
| Ministry of Environment | Environment |
| Ministry of Executive Council | Executive Council |
| Ministry of Gaming | Gaming |
| Ministry of Government Services | Government Services |
| Ministry of Health and Wellness | Health and Wellness |
| Ministry of Human Resources and Employment | Human Resources and Employment |
| Ministry of Infrastructure | Infrastructure |
| Ministry of Innovation and Science | Innovation and Science |
| Ministry of International and Intergovernmental Relations | International and Intergovernmental Relations |
| Ministry of Justice | Justice |
| Ministry of Learning | Learning |
| Ministry of Municipal Affairs | Municipal Affairs |
| Ministry of Resource Development | Resource Development |
| Ministry of Treasury | Treasury |
| N.A. Properties (1994) Ltd. | Treasury |
| Natural Resources Conservation Board | Environment |
| Persons with Developmental Disabilities Community Boards | |
| Calgary Community Board | Health and Wellness |
| Central Community Board | Health and Wellness |
| Edmonton Community Board | Health and Wellness |
| Northeast Community Board | Health and Wellness |
| Northwest Community Board | Health and Wellness |
| South Community Board | Health and Wellness |

| Ministry, Department, Fund or Agency | Ministry Annual Report |
|---|---|
| Persons with Developmental Disabilities Foundation | Health and Wellness |
| Persons with Developmental Disabilities Michener Centre Facility Board | Health and Wellness |
| Persons with Developmental Disabilities Provincial Board | Health and Wellness |
| S C Financial Ltd. | Treasury |
| Supplementary Retirement Plan Reserve Fund | Treasury |
| Victims of Crime Fund | Justice |
| Wild Rose Foundation, The | Community Development |

## ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

| Fund or Agency | Ministry Annual Report |
|---|---|
| Alberta Cancer Board | Health and Wellness |
| Alberta Foundation for Health Research | Innovation and Science |
| Alberta Heritage Foundation for Medical Research | Innovation and Science |
| Alberta Heritage Foundation for Science and Engineering Research | Treasury |
| Alberta Mental Health Board | Health and Wellness |
| Alberta Teachers' Retirement Fund Board | Learning |
| Improvement Districts' Trust Account | Municipal Affairs |
| Local Authorities Pension Plan | Treasury |
| Long-Term Disability Income Continuance Plan – Bargaining Unit | Human Resources and Employment |
| Long-Term Disability Income Continuance Plan – Management, Opted Out and Excluded | Human Resources and Employment |
| Management Employees Pension Plan | Treasury |
| Provincial Judges and Masters in Chambers Pension Plan | Treasury |
| Public Post Secondary Institutions | Learning |
| Public Service Management (Closed Membership) Pension Plan | Treasury |
| Public Service Pension Plan | Treasury |
| Regional Health Authorities | Health and Wellness |
| School Boards | Learning |
| Special Areas Trust Account, The | Municipal Affairs |
| Special Forces Pension Plan | Treasury |
| Supplementary Retirement Plan for Public Service Managers | Treasury |
| Universities Academic Pension Plan | Treasury |
| Workers' Compensation Board | Human Resources and Employment |